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Japan

Foreign Minister Meets With U.S. Envoy Talbott

OW2501115495 Tokyo KYODO in English 1140 GMT 25 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 25 KYODO—Foreign Minister Yohei Kono and a senior U.S. State Department official, while sharing concerns over the situation in Chechnya, agreed Wednesday [25 January] that Japan and the Untied States will continue to support Russia's reform efforts, Foreign Ministry officials said.

During an hourlong meeting at the ministry, Kono told visiting U.S. Deputy Secretary of State Strobe Talbott that although the Chechnya dispute is Russia's internal affair, he is concerned that civilians are being killed.

He is also concerned that supporters of reform efforts by Russian President Boris Yeltsin have opposed Yeltsin's handling of the problem, the officials quoted Kono as saying.

But the foreign minister agreed with Talbott that the U.S. and Japan would back Yeltsin's reform efforts as long as the Russian Government stays on the course of reform.

Also during the meeting, Kono and Talbott agreed that Japan and the U.S. should work closely together to successfully carry out the Asia-Pacific Economic Cooperation (APEC) forum in Osaka in November, the officials said.

Kono told Talbott, however, it is important to keep in mind Asia's pace and speed in development.

They also agreed on the importance of promoting the ASEAN Regional Forum (ARF) to discuss security matters in the Asia-Pacific region.

Talbott is in Tokyo at the start of an Asia-Pacific tour that includes South Korea, Cambodia, New Zealand and Australia.

U.S. Officials Cited on Deregulation Talks

OW2501015095 Tokyo KYODO in English 0132 GMT 25 Jan 95

[FBIS Transcribed Text] Washington, Jan. 24 KYODO—The United States urged Japan during two days of talks that ended Tuesday [24 January] to act more aggressively on government deregulation. U.S. officials described a 500-point deregulation plan unveiled by Tokyo last week as inadequate and lacking substance.

"We are extremely disappointed," one U.S. trade official said.

Japanese officials who took part in the two days of working-level talks said they assured the U.S. side that the deregulation package is merely a preliminary report and is subject to modification.

"We have done our best, but we are willing to consider U.S. suggestions," a Japanese official said.

The Japanese Government, responding to criticism at home and from the U.S. that some Japanese regulations act as impediment to trade, has pledged to issue a five-year deregulation program by the end of March.

The Japanese delegation promised to take U.S. proposals back to Tokyo for consideration, Japanese officials said.

The U.S. side has proposed another round of talks next month, and the Japanese agreed to consider the proposal, officials said.

The Japanese team, represented by officials from 12 government ministries and agencies, was headed by Hiroyasu Ando, deputy director general of the Foreign Ministry's Economic Affairs Bureau.

The U.S. team was led by Ira Wolf, assistant U.S. Trade Representative for China and Japan, and Diane Wood, deputy assistant attorney general for antitrust matters.

Tokyo To Propose to U.S. Ways To Boost Car Sales

OW2401134695 Tokyo KYODO in English 1313 GMT 24 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO—Japan will propose ways to help foreign carmakers gain easier access to Japanese dealers during upcoming auto trade talks, a senior trade ministry official said Tuesday [24 January].

Tokyo will limit topics at the talks to how to improve contacts between foreign automakers and Japanese dealers handling foreign cars, said the official at the Ministry of International Trade and Industry (MITI), who declined to be named. MITI will offer useful information to this end, the official said.

Yoshihiro Sakamoto, vice MITI chief for international affairs, and Jeffrey Garten, U.S. commerce undersecretary for international trade, will meet in Washington from Friday to look for ways to wrap up auto trade talks, the only remaining issue pending under the "framework" negotiations.

Bilateral auto talks have been deadlocked due to differences on ways to expand foreign access to Japan's auto parts and repair markets.

The coming talks will be held in line with Washington's acceptance of four Japanese-imposed conditions for reopening the talks, including rejection of "numerical targets."

In Washington, Japan will not take up any issues that may lead to managed trade, like the government playing a role in auto parts purchase plans by private Japanese automakers, the senior MITI official said.

On repair market issues, the official said Tokyo will not accept any U.S. proposals that would affect auto safety standards in Japan, including Washington's call for abolishing the current Japanese auto inspection system.

Murayama Pledges Further Efforts on Base Issue

OW2501052695 Naha RYUKYU SHIMPO in Japanese 25 Jan 95 Morning Edition p 2

[FBIS Translated Text] Tokyo—Prime Minister Tomiichi Murayama again referred to the issue of streamlining and consolidating U.S. bases in Okinawa during interpellations at the main chamber of the House of Councillors on 24 January. In answering questions by Hiroyuki Kurata, a member of the Liberal Democratic Party, the prime minister said: "The Japan-U.S. Security Treaty obliges Japan to provide necessary facilities and sites to the U.S. forces to carry out the objectives of the pact. Meanwhile, I am fully aware that Okinawan people have long called for the reduction and consolidation of U.S. military facilities and sites there since many are concentrated on the island." He added: "I also discussed this with the U.S. President during our recent summit. The government intends to continually work to make progress in this issue in cooperation with Okinawa Prefecture, while seeking to harmonize the need to carry out the objectives of the security pact with the Okinawans' demands."

Murayama also noted he had asked the foreign minister and the Defense Agency director general to "make earnest efforts" in dealing with the matter.

Article Views Prospects for NPT Extension

OW2501062795 Tokyo AERA in Japanese 16 Jan 95 pp 20-23

[Article by AERA editor Shunji Taoka: "Treaty Preserves Superpower Monopoly of Nuclear Weaponry"]

[FBIS Translated Text] Every Japanese diplomat agrees that "the extension of the NPT (Nuclear Nonproliferation Treaty) is, without doubt, sure to be a major issue in international politics during 1995."

The treaty, which recognizes the exclusive possession of nuclear weaponry by five nations—the United States, Russia, the United Kingdom, France, and China—shall expire on 5 March, having fulfilled its 25-year term. The extension conference, which must determine whether to extend the pact indefinitely or for a limited term, shall convene from 17 April to 12 May in New York.

Of the 167 nations party to the treaty, only some 60 support the U.S. and UK position that the treaty should be indefinitely extended as it stands. China, a nuclear power as well as a nation holding a permanent seat on the UN Security Council, has declined to declare its agreement, focusing instead on problems with the treaty in its current form. It is distinctly possible that no majority will be garnered, and that, in consequence, the NPT regime will become untenable.

A Rare Unequal Treaty

During the original framework talks for the treaty, Japan vigorously opposed the idea of permanent coverage and finally managed to limit coverage to a period of 25 years. This time around, not only has former Prime Minister Morihiro Hosokawa made a September 1993 declaration supporting an indefinite extension of the NPT in his address to the UN General Assembly, but also, following consultations with the United States, Japan's ambassadors have actively lobbied for support for unlimited extension, most notably throughout the nations of Asia.

Most certainly, there are problems with having the NPT expire, and with it, all legal restraints on the proliferation of nuclear weapons throughout the myriad nations. Conversely, to preserve the inequity of exclusive possession by just five nations obviously runs counter to the quest to completely abolish nuclear weapons. Moreover, is it really necessary that Japan drum up votes for an indefinite extension of the NPT as a means of currying favor with the United States?

The reasons why so few nations support indefinite extension are obvious. Third World countries decry the lopsided status preserved by the treaty.

The principal conditions of the treaty as signed in July 1968, can be summarized as follows:

(1) Those nations that have produced or detonated nuclear devices prior to 1 January 1967 (that is, the United States, Russia, United Kingdom, France, and China), may neither disperse such armaments to other nations nor assist in their manufacture.

(2) Those nations not in possession of nuclear armaments are subject to security measures (inspections) conducted by the International Atomic Energy Agency (IAEA).

(3) Signatories are bound to adhere to disarmament protocols, which include sincere participation in arms control negotiations and efforts toward comprehensive disarmament.

(4) A signatory nation facing a situation wherein extraordinary events jeopardize its supreme interests has the right to rescind its accord with the treaty following notification delivered three months prior to withdrawal. In the 25th year following enactment, a conference shall convene to determine whether the treaty should be extended indefinitely or for a limited term. This shall be determined by simple majority.

The nations already in possession of nuclear weapons are neither subject to inspections, nor have any obligation regarding nuclear disarmament, except to participate in arms control talks. There was overwhelming criticism reported at the February 1967 conference of Japanese envoys to European countries. The criticism said the accord was "characterized by an inequity unequaled in the annals of international diplomacy." In West Germany, criticisms expressed termed the agreement "a conspiracy by the United States and the Soviet Union to sacrifice Germany" (Chancellor Kurt-Georg Kiesinger); and "an agreement between the U.S. Government and General Electric (GE) to preserve monopoly control of the use of nuclear power for peaceful purposes."

Both France and China, whose possession of nuclear weapons is officially recognized, had long declined to sign the treaty, objecting to the treaty's inequities and the control it gave the United States and Soviet Union over the world. It was not until after the Cold War ended that the two parties signed the treaty: China in March 1992, then later in August of that same year, France.

At the time, the Vietnam war was at its height, the United States had 500,000 troops stationed in South Vietnam, and the USSR had massive placements of its latest-model fighters and surface-to-air missiles in North Vietnam, as well as numerous military advisors. In the midst of this war between the proxies of the United States and the Soviet Union, the two major powers cooperated to secure their own mutual interests.

Nuclear Weapons of Non-Signatory Nations on the Loose

The nuclear tests conducted by France in 1960 and China in 1964 led to U.S. and Soviet fears that the next powers to arm themselves with nuclear weapons would be West Germany and Japan. The two superpowers cooperated to contain both West Germany and Japan. This bears marked similarities to the UN clause on former enemy states.

Even today, nearly 60 percent of the IAEA inspection budget is borne by Japan and Germany. The IAEA has a Tokyo office in Kudan, Tokyo, which maintains a permanent staff of 13, although a total of 1,482 personnel conducted inspections during 1993. The only permanent offices maintained by the IAEA are in Japan and in Canada.

Nuclear disarmament in the United States and Russia has advanced significantly over the last few years. The primary causes concern the collapse of the Soviet Union, the end of the East-West confrontation, and the budgetary constraints faced by both the United States and Russia. Despite all this, it cannot be said that there has been a significant reduction in nuclear weapons from the time of the treaty's enactment to the present.

In 1970, most of the strategic nuclear missiles of the United States and the Soviet Union were armed with single nuclear warheads. It is estimated that at the time, the United States had stockpiled 2,200 warheads that could be fired from land-based silos and from submarines, while the Soviet Union had some 1,600.

Since then, it has become commonplace to carry a multiple payload of up to 10 warheads. By June of 1992, the United States had built up to 8,400 missile warheads, and the Russians had 9,300. It is this stockpile which START II aims to reduce by the year 2003, to 2,200 or so for the United States, and 2,100 or so for Russia (including the warheads carried on bombers, this will be 3,500 for the United States and 3,000 for Russia).

Certainly these are massive reductions from the peak, but in comparison to the levels of 25 years ago, the best that can be said is that a parity has been reached. Between them the two superpowers still stockpile over 6,000 strategic nuclear warheads, in addition to several tens of thousands of other tactical nuclear weapons. In effect, a wartime scenario now would essentially have the same consequences.

However, a greater issue lies with those nations pursuing nuclear development who are not signatories of the treaty.

India, which has remained outside the treaty fold, carried out its first nuclear test in May 1974, and undoubtedly today is in possession of a functional nuclear device. Its unfriendly neighbor Pakistan is strongly suspected to be in pursuit of the development of its own nuclear weapon. Japan has called upon both nations to join the NPT fold, but has been told by India, "Possession is recognized for our neighbor, China; it is ridiculous for our nation to be so denied." Nor will Pakistan sign unless India does.

A notable problem area lies with Israel. Israel unquestionably has stockpiled between 100 to 200 nuclear warheads. Not only do they have the "Jericho," a guided missile with a range of 500 kilometers, but between 1987 and 1989, the Israelis conducted test firings of the "Jericho II," which has a range of 1,500 kilometers.

The full extent of Israeli nuclear weapons development was revealed by an engineer, Mordecai Banusu [name as transliterated], in an October 1986 issue of the UK's SUNDAY TIMES. Mossad, the Israeli intelligence service, abducted Banusu in Rome and brought him back to Israel, where he was put on trial for revealing national secrets. During his December 1994 visit to Japan, Israel's Prime Minister Yitzhaq Rabin told an ASAHI SHIMBUN reporter "we shall not be the first to launch a nuclear strike." The comment is seen to be an acknowledgement of the possession of nuclear weaponry, and as a reunuciation of the first use of a nuclear strike.

However, the non-inclusion of Israel in the NPT allows it freedom from inspections and to be the recipient of nuclear technology, fuel, and financial subsidies.

On the other hand, when North Korea (Democratic People's Republic of Korea), which is a signatory of the NPT, became suspect, it became the subject of a special inspection by the IAEA. Requests for further inspections were unacceptable to the DPRK, and its subsequent attempt to exercise the right of withdrawal as set forth in the treaty led to threats of economic sanctions and even to talk of military sanctions. While a suspect DPRK nuclear development program is of more immediate concern to Japan, an objective look highlights the irony that not only does Israel remain free of sanctions, but she is granted subsidies, and her premier is a recipient of the Nobel Peace Prize.

U.S. Adamant on Right of Preemptive Strike

In the original framework process, there were demands to include a proviso prohibiting the use, or the threat of using, nuclear weapons against non-nuclear nations. However, this was not adopted. The treaty merely includes the general principle in its preamble that, pursuant to the UN Charter, all nations must refrain from threatening the use of or using military force.

The non-nuclear powers are still voicing strong demands for NPT amendments to include provisions to ensure their security. Any amendment, however, would require the approval of all five nuclear powers, which would be difficult to secure.

In October 1991, Soviet President Gorbachev proposed the "Renunciation of First Use," which would repudiate the right to launch a first strike attack. China has made the same suggestion, but the United States has remained indifferent toward the idea.

During the erstwhile confrontation of East-West interests in Europe, U.S. strategy at the time was to employ a preemptive strike using small-scale nuclear weapons against the numerically superior masses of the Eastern tank forces. For this reason, the United States was reluctant to support any "Renunciation of First Use." Yet still today, even while calling Russia a "quasi-ally nation", the United States remains adamant about its right to launch a preemptive nuclear attack.

The United States, although devoted to preventing nuclear proliferation throughout other nations, is adamantly opposed to "denuclearization" which would directly affect itself. The United States was irate over Japan's presentation of a proposal for the "Resolution on Nuclear Disarmament Toward the Ultimate Abolition of Nuclear Arms" in the UN General Assembly in December 1994.

"There were terrible complications until it was finally agreed that the issues would be settled by their abstention," said a senior official of the Ministry of Foreign Affairs [MOFA]. 163 nations, including Russia and China, voted in favor; none against, and eight nations including the United States, the United Kingdom, and France abstained.

The NPT was signed in July 1968. Japan eventually signed in February 1970, after West Germany. Yet here in Japan, hawks from the Liberal Democratic Party [LDP] insisted, "It is conceivable that we may someday find it necessary to arm ourselves with nuclear weapons. We must maintain a free hand to do so." In addition, industry was wary that the inspections could result in new technologies developed for peaceful uses being leaked overseas, or even to the suppression of new technological developments. Opposition parties were vocal in their criticisms that the treaty strengthened the global domination and nuclear monopoly of the United States and the USSR, and presented an obstacle to the abolition of nuclear weapons. The only common denominator was their protests that the treaty was unfair.

The LDP eventually relaxed its stance in the face of the reality that unless the NPT was accepted, there would be problems in procuring equipment, nuclear fuel, and technology for peaceful applications. Six years after it was signed, the treaty was finally ratified in May 1976.

Japan Cooperates in Canvassing for Votes

Even this time around, it is not as if the MOFA has been completely under U.S. domination from the start. At the 1991 London summit meeting, Japan discovered that without its knowledge, the UK had inserted the phrase "cooperate towards indefinite extension of the NPT" in the draft political declaration. Japan pressed the UK strongly and had the phrase rewritten to read, "maintain the NPT structure." While NPT extension is certainly necessary, the question of whether such an unfair treaty should be made permanent is a separate issue.

However, the United States subsequently pressed strongly for indefinite extension. In the wake of European and North American media stories on "The Nuclear Armament of Japan", the government declared its support for indefinite extension and even initiated moves seeking majority support from the nations of Asia.

At the close of the 1960's, the Japanese diplomats were able to hold their own, and by pointing out the treaty's inequities and shortcomings, they succeeded in their pursuit of a term limit. During the 1970's, Diet members castigated the government, contending that the NPT was an obstacle to efforts to abolish nuclear weapons.

Now, some 20 years later, in the midst of peace and prosperity, the Japanese appear to have lost their erstwhile forcefulness.

Visa-Free Exchanges With Kurils To Continue

OW2401144695 Tokyo KYODO in English 1250 GMT 24 Jan 95

[FBIS Transcribed Text] Sapporo, Jan. 24 KYODO—Negotiators from Japan and four disputed islands in the Russian Far East agreed Tuesday [24 January] in a Tokyo meeting to continue visa-free exchanges in 1996 on the same scale as those this year.

Japanese officials said Tokyo decided not to scale back bilateral exchange after taking into account the suffering of residents on the Russian-held isles following last year's earthquake.

Officials canceled two visa-free visits last year after a powerful earthquake struck the islands in October, killing at least 12 and leaving more than 1,000 homeless.

It was feared that a delay in reconstruction projects would limit the extent of this year's exchange visits.

The Russian group, led by southern Kuril district chief N. Pokidin, had urged that the exchange, involving mainly citizens of Japan's northernmost main island of Hokkaido and the disputed islands, be expanded in the agricultural field.

But Japanese officials from Hokkaido, the Foreign Ministry, and the Management and Coordination Agency remained cool about the idea, promising simply to give it further thought.

Initial plans for fiscal year 1995, beginning April 1, provided for nine visits involving 423 participants but was rearranged to seven exchanges with 422 people from both sides taking part.

The three islands of Kunashiri, Etorofu and Shikotan, and the Habomai group of islets, seized by the Soviet Union at the end of World War II, have long been a source of dispute between Tokyo and Moscow. Japan claims the islands as its northern territories.

NEC To Produce 16-Megabit Dram Chips in Britain

OW2401024495 Tokyo KYODO in English 0215 GMT 24 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO—NEC Corp. is building a production facility for 16-megabit dynamic random access memory (DRAM) microchips at its factory in West Lothian, Scotland, a company spokesman said Tuesday [24 January]. NEC currently produces 4-megabit drams at the factory, NEC Semiconductors (UK) Ltd., in the town of Livingston. The factory had planned to scale up the products to 16-megabit and 64-megabit microchips in the fall of 1996.

The company has decided, however, to start production of 16- megabit chips in the April-September period of the 1995 business year, earlier than planned, because some of its customers there need such chips, the spokesman said. The supply is limited, however, until a full-scale production facility is completed as planned, he added. An industrial daily, the NIHON KOGYO SHIMBUN, reported NEC is investing up to 2 billion yen for the temporary production facility.

Murayama on Amending SDF Law for Rescue Work

OW2501025595 Tokyo NHK General Television Network in Japanese 0300 GMT 24 Jan 95

[Announcer-read report; from "NHK News" program]

[FBIS Translated Text] The House of Councilors today held an interpellation session to ask questions about the policy speech delivered by Prime Minister Murayama to the Diet. Commenting in the session on the deployment of Self-Defense Forces [SDF] personnel to quake-hit areas in southern Hyogo Prefecture, the prime minister said: The SDF has sent as many of its personnel as possible to the quake-hit areas for rescue and restoration work at the request of local governments, and there is no legal impediment to sending SDF personnel to disaster areas. In this way, the prime minister ruled out the need to amend the SDF Law.

Igarashi Holds Press Conferences on Earthquake

Impact on Reassessing Corporations

OW2501012695 Tokyo NIHON KEIZAI SHIMBUN in Japanese 24 Jan 95 Morning Edition p 2

[FBIS Translated Text] Commenting on the impact of the Hanshin earthquake on the government's work of reassessing special public corporations, on the evening of 23 January Chief Cabinet Secretary Kozo Igarashi said: "I believe that in a broad sense, the earthquake will have no impact on the contents of the government's plans to reassess special public corporations." But he added: "The government will reassess special public corporations over the next five years and the earthquake will probably affect that period." His remarks are interpreted as an indication that, as some special public corporations are closely related to reconstruction work in quake-hit areas, the government will have no choice but to take into account their relationship with this work in the process of reassessing special public corporations. He made the comments while answering questions posed by a group of reporters at the Prime Minister's Official Residence.

Restrictions on Foreign Doctors

OW2401143995 Tokyo KYODO in English 1234 GMT 24 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO—Japan's medical practitioner law banning foreign doctors without Japanese qualifications from practicing in Japan does not allow for the country's needs in an emergency like the Jan. 17 earthquake in western Japan, Chief Cabinet Secretary Kozo Igarashi said Tuesday [24 January].

Igarashi told a press conference that Japan should be able to accept foreign doctors who can give "a necessary minimum" of assistance in medical evacuations during a disaster.

Clause II of the law states that anyone wanting to practice medicine in Japan must have passed state-administered medical examinations and have received a certificate from the Health and Welfare Ministry.

On Monday, Igarashi was rather cautious toward accepting help from foreign doctors, saying he recognized the restrictions in the law and that he would request the dispatch of foreign doctors "if necessary."

Igarashi said that to date, the quake-hit region has received humanitarian aid from the United States, France and Switzerland, and material assistance from 10 countries.

More than 5,000 people died in the quake.

Government To Accept Foreign Help

OW2501121995 Tokyo KYODO in English 1011 GMT 25 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 25 KYODO—Japan is not loath but content to accept assistance from abroad over rescue efforts following the Jan. 17 earthquake in western Japan, the top government spokesman said Wednesday [25 January].

"Accepting offers of foreign assistance is important, because it cultivates mutual friendship and trust," Chief Cabinet Secretary Kozo Igarashi told a news conference, countering criticisms about Tokyo's alleged unwillingness to do so.

"As a rule, we should accept such offers as much as possible," he said.

While saying the government has to take into account some questions such as language barriers and the locals' necessities before accepting foreign countries' cooperation, Igarashi vowed efforts to brush aside the rampant allegations.

Rejects Criticism Over Delay

OW2501122195 Tokyo KYODO in English 1032 GMT 25 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 25 KYODO—Chief Cabinet Secretary Kozo Igarashi on Wednesday [25 January] brushed aside allegations that Prime Minister Tomiichi Murayama's Social Democratic Party (SDP) [of Japan, SDPJ] is partly to blame for the belated dispatch of troops for rescue operations following the Jan. 17 earthquake in western Japan.

"Nothing could be further from the truth. That's a groundless criticism," the top government spokesman said at a news conference.

Igarashi's comment came after Ichiro Ozawa, secretary general of the opposition Shinshinto (New Frontier Party), pinpointed the SDP's loathing of the Self-Defense Forces (SDF) as a reason for the delay in the military's participation in rescue operations.

The SDP, a partner in the ruling coalition government, had for decades refused to recognize the SDF as constitutional. The party jettisoned this policy after Murayama became prime minister last June. Troops were dispatched to disaster areas four hours after the massive temblor hit Kobe and nearby regions following a request from the Hyogo Governor.

Takemura Pledges Extra Budget for Damage

OW2501125795 Tokyo KYODO in English 1233 GMT 25 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 25 KYODO—Finance Minister Masayoshi Takemura said Wednesday his ministry will compile two additional budgets as emergency measures and long- and mid-term projects for each to finance reconstruction in Kobe and vicinity following the devastating Jan. 17 earthquake.

The finance minister, speaking to the House of Representatives finance committee, said the first will be supplementary to the fiscal 1994 budget and the second will be additional to the fiscal 1995 one.

Responding to a question, Takemura ruled out the idea of recompiling the fiscal 1995 national budget, proposed to the 150-day ordinary Diet session which began Jan. 20, along with the supplementary budget for the fiscal 1994 budget.

The fiscal 1995 initial budget includes emergency funds worth 100 billion yen and the additional general-account budget for fiscal 1994 calls for a downward revision of 673.5 billion yen to 72,481.2 billion yen from the initial budget as a result of tax revenue shortfalls.

Without elaborating on amounts of the two separate extra budgets, Takemura asked the Diet to pass the "emergency" supplementary budget for the current business year by the end of March and the one for the next fiscal year during the ordinary session.

BOJ Governor Comments on Relief Funding, Mexico

OW2501095595 Tokyo KYODO in English 0925 GMT 25 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 25 KYODO—Bank of Japan (BOJ) Governor Yasuo Matsushita said Wednesday [25 January] the devastating earthquake that hit Kobe and surrounding areas is unlikely to derail Japan's economy which has been on the path of moderate recovery.

Matsushita said at a news conference, "I don't think the energy of the economic recovery will be weakened by the quake."

"Although quake damage will be enormous and future efforts for reconstruction will be no easy task, we have enough reserve to supply materials for reconstruction," Matsushita said.

Once reconstruction starts on a full scale, it will contribute not only to recovery of economies in the quake-hit areas in western Japan but also to activation of the nation's entire economy, Matsushita said.

Trying to assess quake damage, the central bank will carefully watch the progress in reconstruction, he said.

On the impact of the quake on financial institutions, Matsushita said it is still difficult to assess burdens on their management, though they seem to have been damaged badly in Hyogo Prefecture, which was hardest hit by the Jan. 17 devastating quake.

The central bank will do its best to maintain smooth and stable financial deals by supplying enough cash to private financial institutions on a timely and appropriate manner, Matsushita said.

Asked about the possibility of bills for quake victims as was the case after the 1923 great Kanto earthquake, Matsushita said it is not appropriate to introduce similar quake disaster bills.

Because the present situation is different from that time, when private financial institutions operated on a small scale with insufficient credit performance, there is little necessity for such bills at this time, he said.

Concerning the impact of the quake on prices, Matsushita said there is little concern that the present stable trend as a whole will give way.

He noted, however, that troubled distribution and future reconstruction work may partially tighten the demand-supply situation.

Taking such possibility into consideration, the central bank will closely monitor price movements, Matsushita said.

Meanwhile, Matsushita stressed the need for financial institutions to further improve their risk management, making use of their experience from the quake.

On economic conditions, Matsushita said regional reports at the two-day meeting of BOJ branch managers which ended Tuesday endorsed the central bank's judgment that the economy is recovering gradually.

Economic outlook by companies, however, remains cautious due to moderate forecast of demand on the back of intensifying competition with Asian nations and sluggish growth in earnings amid a downtrend in prices, Matsushita said.

On monetary policy, Matsushita just said the central bank will continue closely monitoring economic and financial developments, keeping an eye on movements in corporate capital spending.

Regarding the recent establishment of a special bank to absorb two financially-troubled credit unions, Matsushita downplayed criticism that the new bank helped the reckless credit unions which rushed to high-risk lending.

"It's not a rescue of the credit unions...but effectively bankruptcy and liquidation of them," Matsushita said.

The measure was indispensable for maintenance of stable financial systems still suffering from the collapse of the so-called "bubble" economy and was not aimed at relieving large-lot professional depositors, he said.

He said institutional investors accounted for only 5 percent of total deposits in the two credit unions.

As for international assistance to save Mexico from its currency crisis, Matsushita said Japan will share due burden as a major member of the Bank for International Settlements (BIS), though falling short of giving details.

On Jan. 3, Mexico announced an emergency economic and fiscal program based on the 18 billion dollar international financial aid package from the United States, Canada, the BIS and private banks, and the U.S. has afterward studied additional aid, he said.

Matsushita expressed hopes that the Mexican economy will regain confidence and international financial markets will recover their calmness with the help of the global aid package.

Ozawa Criticizes Government Over Earthquake

OW2501044595 Tokyo KYODO in English 0352 GMT 25 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 25 KYODO—Shinshinto [New Frontier Party] opposition party Secretary General Ichiro Ozawa said Wednesday [25 January] he hopes to visit China, having received an invitation from the Chinese Communist Party. Ozawa told a press conference his trip to Beijing will not be for "a mere photo-taking session."

He criticized the coalition government of Prime Minister Tomiichi Murayama for the delay in dispatching Self-Defense Forces (SDF) troops to help in the Kobe earthquake relief operations, saying the premier's Social Democratic Party had an anti-SDF bias.

Senior LDP Member Says Quake To Delay Election

OW2501070595 Tokyo KYODO in English 0643 GMT 25 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 25 KYODO—The Jan. 17 earthquake in western Japan has postponed the next general election until after the fall of this year, a senior Diet member of the ruling Liberal Democratic Party (LDP) said Wednesday [25 January].

"The quake left disastrous consequences and prevented a split of the Social Democratic Party (SDP)," said former LDP Secretary General Tamisuke Watanuki during a meeting sponsored by KYODO NEWS SERVICE.

"As a result, the next general poll will not be held for a while...I believe it will be put off until after fall at the earliest," he said.

A group of 24 Diet members of Prime Minister Tomiichi Murayama's SDP was set to secede from the party just prior to the earthquake, threatening the fate of the tripartite coalition government.

But the SDP rebels froze their independence movement to focus on efforts to deal with the aftermath of the quake that took the lives of more than 5,000 people in and around the port city of Kobe.

Watanuki is an aide to former Prime Minister Noboru Takeshita, who is believed to have masterminded the current three-party coalition government comprising the LDP, the SDP and New Party Sakigake.

Business Leader Criticizes Government on Quake

OW2501023395 Tokyo MAINICHI SHIMBUN in Japanese 24 Jan 95 Morning Edition p 8

[FBIS Translated Text] Commenting on the government's handling of the Hanshin earthquake at a 23 January news conference, Kosaku Inaba, president of the Japan Chamber of Commerce and Industry, criticized the government for failing to "correctly understand the grave disaster resulting from the earthquake." He also expressed his discontent with Prime Minister Murayama, saying: "He should have displayed stronger leadership in dealing with the earthquake."

At the news conference, President Inaba pointed out: "The government failed to deal with the emergency situation." He said specifically: "Each ministry and agency failed to take concerted action in dealing with the earthquake. The rescue of quake victims was insufficient, numerically and qualitatively. People were in the dark about who was in charge of dealing with the earthquake, and about what the government planned to do and for how long." He also took issue with the delay in the deployment of Self-Defense Force personnel to quake-hit areas.

Commenting on the impact of the earthquake on the economy, the business leader said: "Major confusion is occurring in the wake of the earthquake. It will have an adverse impact on the economy during the first half of 1995, but the economy will make an upturn during the second half of the year thanks to public works projects to restore quake-hit areas." He also added: "The Kanto earthquake resulted in a dozens-percent loss in GNP and the Hanshin earthquake is projected to result in nearly a 10-percent loss in GNP."

Commenting on rumors that the earthquake would set back the government's plans to relax regulations and reassess special public corporations, Inaba said: "The government's plans should not be affected by the earthquake. There is the aspect that a single ministry can take measures to deal quickly with quake-caused disasters. If these measures prove efficient, it should be encouraged to do more."

Toyoda on Economic Effect; Faults Government

OW2501125695 Tokyo KYODO in English 0714 GMT 25 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 25 KYODO—Last week's earthquake will slow Japan's economic recovery and the government's response to the disaster was inadequate, top business leader Shoichiro Toyoda said Wednesday [25 January].

The economy had appeared to be improving gradually but with the damage wrought by the Jan. 17 quake, "recovery may be delayed a bit," the chairman of the Federation of Economic Organizations (Keidanren), told a regular news conference.

The government "is making every effort but looking at the results, (its response) was not enough," said Toyoda, who is also chairman of Toyota Motor Corp.

Saying damage from the disaster will likely be slightly worse than the 3-8 trillion yen estimates from private think tanks, Toyoda urged the government to quickly compile a big supplementary budget to aid reconstruction and make every effort to prevent the economic recovery from derailing.

Faulting the government's dissemination of information and grasping of the situation, he urged the authorities to reflect on the inadequacies of their response and see that such mistakes do not happen again.

Immediately after the quake, Toyoda said, he did not think the damage would be as bad as it turned out and he assumes the government made the same initial mistake.

Article Reviews Government Response to Quake

OW2501062695 Tokyo ASAHI SHIMBUN in Japanese 24 Jan 95 Morning Edition p 2

[Unattributed article; part one in a series entitled: "Living on an Isolated Island—Quake Information Not Given to Prime Minister": "Great Hanshin Earthquake and Politics"]

[FBIS Translated Text] "The information given on television is totally wrong. The actual death toll must be much higher. You must declare a state of national emergency!" Representative Yuichi Takami yelled to Chief Cabinet Secretary Kozo Igarashi on the telephone on the morning of 17 January.

Only 203 Deaths Reported by Police

Representative Takami (from the 1st Hyogo District, Sakigake [Harbinger]) experienced the earthquake while he was at home in Higashinada Ward, Kobe City. He visited the quake-damaged areas with his portable telephone, and called Tokyo to report what he saw.

Given no clear picture of the quake damage, all Igarashi could say was "I see." Immediately after the call from

Takami, the National Police Agency and other authorities reported to him that the death toll was 203—this figure was in line with television reports. However, even this figure was enough to surprise Murayama at the afternoon meeting of government and ruling party leaders.

Murayama got his first information on the quake from a television newscast at 0600 [2100 GMT on 16 January]. He immediately called his secretary, and ordered a report on what was going on. But he had to wait 90 minutes to receive the first response from his secretary. Igarashi also learned about the quake from television. The first report from the cabinet secretariat was submitted at around 0700 [2200 GMT], and preparations for the opening of government headquarters to manage the disaster were ordered.

At a 23 January news conference, Igarashi stated: "We could not get adequate information on the seriousness of the quake damage at the beginning. That is a lot of homework." He strongly felt the Prime Minister's Office was like an "isolated island" where no information was available.

In the case of an emergency, such as a large-scale disaster or accident, information dissemination is supposed to be concentrated on concerned central government agencies—the National Land Development Agency, National Police Agency, and Fire Defense Agency—and gathered information is then passed to the prime minister and chief cabinet secretary on merit through cabinet secretaries dispatched from the agencies. However, the Kobe Municipal Office and Hyogo Prefectural Government could not swiftly provide comprehensive information because the areas were too damaged. As a result, the National Land Development Agency, National Police Agency, and Fire Defense Agency did not receive adequate information. Lack of communication routes from local governments paralyzed the Prime Minister's Office, which has no information gathering mechanism of its own.

Precious Telephone Call

For Igarashi, the telephone call from Takami was the only information source connected directly to the Prime Minister's Office. When Takami arrived at the Kobe Municipal Office on the evening of 17 January, the mayor of Kobe said he had "not yet talked to the central government." Takami immediately picked up the telephone to call Igarashi.

At the 23 January news conference, Administrative Deputy Cabinet Secretary Nobuo Ishihara, who governs all ministries and agencies at the Prime Minister's Executive Office, stated: "When national security is threatened by invasion from external enemies or hijacking, the Cabinet Information Research Office [CIRO] and the Cabinet Security Affairs Office [CSAO] have to immediately report the incident, no matter what time it happens. However, information on natural disasters is circulated among the director-general, the vice minister, and Disaster Prevention Bureau of the National Land Development Agency. I am not involved in the system."

Paralysis of Executive Offices

The office of the prime minister has several executive offices under its direct control. These include the Cabinet Councillors' Offices on External and Internal Affairs [CCOEA, CCOIA], the CSAO, the Cabinet Public Relations Office [CPRO], and the CIRO. Ishihara acknowledged these offices did not function well in coping with the quake aftermath.

The reinforcement of the functions of the Prime Minister's Office is not a new topic. The CCOEA, CCOIA, and CSAO were established under the former Nakasone administration to reinforce the prime minister's executive staff. However, these offices failed in demonstrating their performance. Murayama's close associates are calling for another executive office to cope with natural disasters.

The Murayama administration began to study measures to reinforce the functions of the Prime Minister's Office, and is planning to dispatch survey teams to the United States and Europe as early as April to study the functions of Western countries' top executive offices. The main objective of the study is to reinforce the information gathering capability. A close associate of Murayama's said: "So many bureaucrats are dispatched to the Prime Minister's Office from ministries and agencies, but the information available to us is surprisingly inadequate." Construction work on the new official residence for the prime minister started in 1992, but the new office has not yet been given clear functions.

Artificial Islands Near Kobe Heavily Damaged

OW2501124195 Tokyo KYODO in English 1120 GMT 25 Jan 95

[FBIS Transcribed Text] Osaka, Jan. 25 KYODO—The Jan. 17 "great Hanshin earthquake" caused heavy damage to the foundations of two artificial islands off the western Japanese port city of Kobe, municipal officials said Wednesday [25 January]. The quake forced a number of concrete caissons, or watertight chambers used as foundations, surrounding 436-hectare port island and 580-hectare Rokko island to move or lean up to 1 meter, which in turn caused soil to flow into the sea.

The Transport Ministry has dispatched a team to Kobe to inspect the damage. Such caissons are used for most reclaimed-land projects in Japan. About 2,000 caissons were used to protect the banks of the two islands. A caisson weighs about 1,500 tons and is 10-14 meters in length, width and height, city officials said.

Port and Rokko islands, which have outer circumferences of 16 and 12 kilometers, respectively, were designed to withstand earthquakes registering 5 to 6 on the Japanese intensity scale of 7. The Jan. 17 quake registered 7 in part of Kobe.

The islands have housing, skyscrapers and facilities for business and leisure, and play an important role in port functions, but their berths used for loading and unloading caved in because of the soil outflows, they said, and many activities are at a standstill.

An unprecedented scale of construction work will be needed to rebuild the islands, they said.

Ministry on Record High 'Invisible' Debts

OW2001144395 Tokyo KYODO in English 1401 GMT 20 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 20 KYODO—So-called "invisible" debts, or due repayments by the government, will total 41,562.9 billion yen at the end of fiscal 1995, hitting a record high amid severe fiscal conditions, Finance Ministry officials said Friday [20 January].

The government must pay the debts resulting from special makeshift measures such as borrowing from special accounts to avoid issuing deficit-covering bonds. The invisible debts ballooned by 2,872.1 billion yen from levels at the end of fiscal 1994 on March 31, the officials said.

Combined with the outstanding balance of government bond issues, which is expected to reach 212 trillion yen as of the end of fiscal 1995 on March 31, 1996, debts owed by the government will exceed 253 trillion yen.

In its fiscal 1995 budget plan, the government suspended for the third straight year fixed-rate transfers to the national debt consolidation fund special account for redemption of government bonds to make up for a tax revenue shortage amid the sluggish economy.

In addition, the government decided to postpone repayments to make up for a current account deficit incurred in fiscal 1993.

It also plans to take other special makeshift measures, including fund borrowing from the special account for reinsurance of compensation for automobile accidents.

A ministry official said such measures will not lead to financial deterioration as would deficit-covering bond issues.

Some analysts criticized the measures for making financial content difficult to understand and said the steps are likely to stir debate at the House of Representatives' Budget Committee meeting next week.

Ministry of Finance Looks Toward Asian Region

952A0140A Tokyo NIKKEI BUSINESS in Japanese 31 Oct 94 pp 33-37

[Unattributed article: "Finance Ministry Looks Toward Asia; Yen as Key Currency, the MOF Keeps 'Distance' With the United States"]

[FBIS Translated Text] *Former Prime Minister Takeshita supports EAEC [East Asian Economic Caucus], which is making the United States nervous. While keeping emphasis on the United States, Japan should gradually shift its focus to Asia. Many officials in the political and government sectors agree on this point, and a certain direction has become visible.*

By supporting the dollar at a risk of exchange loss, Japan is financially supporting the United States, which is trying to give the Soviet Union a finishing stroke.... While the dollar fell from 240 yen to 120 yen in the late 1980's and a huge capital loss in the amount of trillions of yen was being created in securities investment in the United States by Japanese investing firms, the Ministry of Finance [MOF] was instructing those firms to continue investing in the United States. Fumitake Matsumura, a professor at Osaka University of Economics, called this phenomenon "financing to support the U.S. financial structure."

The troublesome Cold War has finally ended and the situation has changed. The strong yen policy that has been implemented since the establishment of the Clinton administration is only for the purpose of the United States expanding its own economic growth. If Japan does not do anything about the situation, it will have difficulty maintaining economic power.

The MOF and those around the ministry who once supported "financing to support the U.S. structure" are now turning their heads toward Asia. Like a domino effect, because of the strong yen policy that originated in the United States, Japan rapidly increased its official development assistance (ODA) and direct investments in Asia. Therefore, the status of the yen has risen in Asia. If the yen becomes the key currency in Asia, Japan could get rid of the current problem, the situation that fluctuations in the exchange rate affect trade conditions. In short, Japan's national interest depends on keeping an "appropriate" distance from the dollar and the United States.

At 0815 on 20 July, Wednesday, 38 officials gathered in a meeting room of the Imperial Hotel. Among them were former Prime Minister Noboru Takeshita, Liberal Democratic Party [LDP] Vice President Keizo Obuchi, and Ministry of International Trade and Industry [MITI] Minister Ryutaro Hashimoto. Also there were former Prime Minister Tsutomu Hata and former Foreign Minister Koji Kakizawa.

Inner Circle Makes Asian Policy

This meeting of "bitter enemies in the same boat," however, was beyond political strife. The meeting, including breakfast, lasted an hour and a half and centered on discussions regarding a summit meeting that took place in Italy earlier in June, and a report titled "On Recent International Conferences on Security in the Asia Pacific Region" by Seizaburo Sato, a Keio University professor.

This was the 25th of such meetings that are held every other month in hotels like the Hotel Okura or the Imperial Hotel. These breakfast meetings go back to October 1989. Some of the topics in past meetings include "Outline of the Pacific Basin Economic Council (PBEC)" by Ryozo Yorishima, special adviser at Itochu, at the third meeting in February 1990; "Current Southeast Asian Situation Review" at the 15th meeting; and "On the Davos International Conference" by Noboru Takeshita in March 1992.

However, these are exceptions. Most reports are usally made by directors and councilors from the Ministry of Foreign Affairs [MOFA], MITI, and the MOF, and topics in the past 26 meetings are all directly related to the Asia Pacific region.

The chairman and the moderator of the meeting are Noboru Takeshita and Gaishi Hiraiwa, former chairman of Keidanren [Federation of Economic Organizations], respectively. In addition to these two, the meeting consists of eight from the House of Representatives; 12 vice ministers, directors, and councilors from MOFA, MITI, the MOF, Economic Planning Agency, and the Ministry of Agriculture, Forestry, and Fisheries; four professors from universities, who are experts on politics and economics; and 35 chairmen, advisers, and top executives from major financial institutions, corporations, and leading economic organizations. In addition, there are a few MOF-related people who handle administrative affairs.

This group calls itself the "Asia-Pacific Society" and, at the wish of the late Masayoshi Ohira who advocated the "concept of Pacific rim solidarity," the Asia-Pacific Society promoter was formed under an auxiliary organ of the MOF, the "Fund for Information Research [kenkyu joho kikin] (FAIR)." FAIR stemmed from its parent body, the "Ohira policy study group" which was established in 1986 by Mr. Ohira, gathering talented bureaucrats and scholars.

The "Asia-Pacific Society" is not a secret organization. It is not a place for discussing concrete policies, either. There are many participants who consider this group "a mere breakfast club where they can hear current reports from bureaucrats" (Taroichi Yoshida, chairman of Tokyo International Futures Exchange). This is also an organization that separates itself from emotional "anti-U.S., pro-Asia" sentiment, as mentioned in a statement of Secretary General Yuichiro Nagatomi, who chairs FAIR's administrative board of directors, that the group "will fight against 'hate U.S.' and anti-U.S. sentiment."

However, this society must be mentioned first as a place for Japanese leaders to educate themselves in forming their Asian policies. This is an important point. In Japan, people are not used to discussing policies openly. However, policies that would greatly affect Japan's direction such as the policy of joining the permanent members of the UN Security Council for example, a consensus is usually gained in important areas in the political and government sectors, and the general trend is already set even before the mass media report it. Whether right or wrong, this society has positioned itself at the source of Asia policy, which Japan has created as a place to foster such a trend.

The Asia-Pacific Society once had a financial subordinate, a voluntary organization called "Asia club," which was active until last year. This group also met only once every other month just for talks. But it is important to note who its members were.

First, those who had the experience of dealing with the Asia Development Bank in the MOF and the Bank of Japan were the leaders of this group. The group consisted of 16 members, including Takatoshi Kato, director of the MOF International Finance Bureau; Toyoo Gyoten, chairman of the Bank of Tokyo; Tadao Chino, vice president of the Agriculture, Forestry, and Fishery Finance Corporation; Yukinori Nakahira, deputy finance minister for financial affairs; and Akira Nanbara, deputy governor of the Export-Import Bank of Japan (all current titles). All these men have good knowledge of the United States. However, Mr. Chino, for example, "had joined a team that was formed to establish the Asia Development Bank in his fourth year in the MOF, had worked with his colleagues from Burma and Thailand, and had prepared the draft agreement for establishment of the bank." These were men who acquired immense knowledge of Asia and expanded personal relationships in Asia by working for the bank in the Philippines, to which the MOF had provided successive governors.

Next, let's discuss what type of positions these members received after the establishment of the organization [Asia Club] in October 1990. First, two of them were appointed deputy vice ministers for financial affairs. They are Mr. Chino, who was assigned to this position in July 1991, and Mr. Nakahira, who was assigned deputy vice minister for financial affairs in July 1993 after serving as director of thae International Finance Bureau. Mr. Nanbara has been appointed director in charge of Asia and Oceania of the Bank of Japan. It is confirmed that Mr. Kato will be appointed the next deputy vice minister for financial affairs. Mr. Shigemitsu Sugizaki, who participated in the club as MOF councilor and assistant deputy vice minister for financial affairs back then, became a special adviser to the IMF (International Monetary Fund) in August 1994. Mr. Shoji Mori, who used to be chief of the Coordination Division of the International Finance Bureau, was appointed minister to the United States in June 1991. This club dissolved in June 1993 after sending Mr. Nakahira off to serve as deputy vice minister for financial affairs.

This means that, except for Mr. Gyoten, who had just resigned from the post of deputy vice minister for financial affairs, this club produced almost all those who have contributed to creating today's financial diplomacy. Many of them emphasize cooperation with the

United States, saying, "The main axis of Japan's foreign diplomacy should be U.S. diplomacy. Japan should not think of becoming the leading power in Asia." However, they all agree that Japan should have its own unique Asian diplomacy. The Asia Club sent out this type of people to the front line.

Mr. Takeshita Supports EAEC

Now, how have these "trends," fostered in these unofficial organizations, manifested themselves? Let's take a look at the Asia-Pacific Society first.

I have stated earlier that Mr. Takeshita reported on the "Davos conference" at an Asia-Pacific society meeting. The Davos International Conference is held once every year in Davos, a resort town in Switzerland, for world leaders to unofficially discuss common problems of the world. Problems discussed in this conference are so important that they often become the agenda for later summit meetings.

In January 1992, in his keynote address to the conference, Mr. Takeshita referred to the East Asian Economic Caucus (EAEC), an assembly of East Asian countries, without the United States, that had been proposed by Malaysian Prime Minister Mahathir. Incidentally, Japan's official position on the EAEC is still pending. That is because the United States strongly opposes Japan's participation in the EAEC.

Mr. Takeshita's speech sounded neutral; however, for the world leaders who heard Mr. Takeshita, the implication was clear. While suggesting that Asia should become an open economic bloc, Mr. Takeshita indicated his confidence that the East Asian (excluding China) GNP will equal that of the North American continent by the year 2011. He also clearly stated that he will reject "the values of the developed nations imposed" upon Asia. In his speech, Takeshita placed the EAEC on the same level as the Asia Pacific Economic Cooperation (APEC). This was tantamount to the declaration of approval of the EAEC by an actual leader of Japan's political and government sectors.

Since then, whenever private level conferences were held in Malaysia and China to promote the EAEC, some members from the Asia-Pacific Society would participate, and sometimes Mr. Takeshita's message would be read by them.

The Asia Club's influence was seen as soon as Mr. Chino became deputy vice minister for financial affairs. When he was appointed deputy vice minister for financial affairs, Mr. Chino set out on a tour around Asia to pay his first courtesy visit to finance ministers and central bank governors in Asia. This was the first time ever that a new deputy vice minister for financial affairs visited Asia before visiting any other place. "There is G7D (D is for deputy in English), which is a deputy-level conference, for developed nations. I wondered why we have such a close relationship with the West and not with Asia," Mr. Chino explains his motivation.

It is not widely known that an "Asian G7D" was formed based on Mr. Chino's proposal after his visit to Asia. The "Asian G7D" is an unofficial meeting where deputy level officials of the finance bureaus of seven major Asian countries can "candidly exchange views" (Mr. Chino).

Producing "East Asian Miracle"

A U.S. student is writing a doctoral thesis: "The MOF and Japan have changed in 1991. They have begun emphasizing the uniqueness of Japan and Asia." This student is Columbia University's Ms. Ann Emig [as transliterated].

The 1991 was not only the year that the MOF set forth its diplomacy to emphasize Asia by Mr. Chino's tour around Asian countries, but it was also the year that "Japan's Overseas Economic Cooperation Fund (OECF), which had the second-highest balance of loans to developing countries after the World Bank, had challenged the World Bank with rich experience of giving aid to Asian countries concerning its policy on aid to developing countries." Those were the words of Isao Kubota, who was then director of the General Affairs Department of the OECF and is currently assistant director of the International Finance Bureau of the MOF. Ms. Emig focuses on this point.

According to her study, this is how it came about. The World Bank policy on financing the developing nations had been to force on the developing countries the market theory of UK- and U.S.-style capitalism. The experiences of Japan and Korea, where cooperation between the state and people is typical, are dismissed as mere "variations" [of capitalism], and it had been hastily forcing deregulation and liberalization on the developing nations of Asia. In contrast to this view, in October 1991, Mr. Kubota and his group submitted a "paper" (prepared by Mr. Yasutami Shimomura, then the director of the Economic Department of the OECF), which suggested that "growth of developing countries should be planned based on a long-term view; rapid deregulation will bring an adverse effect."

Establishment of the World Bank was decided 50 years ago at a meeting held in Bretton Woods in New Hampshire, in anticipation of Japan and Germany's defeat in World War II, to make an organization to return the dollar to the world. Its successive governors have been from the United States. Therefore, "the World Bank" and "the United States" are virtually interchangeable. In short, this movement is tantamount to Japan challenging the United States with its "experience in Asia."

Some important movements followed this incident. Mr. Larry Summers (currently under secretary of the treasury), who had been appointed vice president in charge of development of the World Bank, took note of this paper and thought that the uniqueness of Asian economy should be examined. This led to the beginning of an unprecedented major research project in the World Bank history called the "East Asian Miracle."

The results of the research were compiled in a large 400-page report in September 1993. The report recognizes that certain interventions by governments in the Asian markets had been effective, providing a totally different view from the traditional ones. The MOF provided fund for this research and proved that Asia has its own Asian way.

Supporting the EAEC and suggesting the legitimacy of "Asian-style capitalism" is an Asia policy that Japan has been gradually hammering out with the Asia-Pacific Society as its source, and that seems to be one of Japan's pillar policies. If Japan wants to promote its national interest in Asia, ideological leadership for neighboring countries is essential. This movement might well be the preparation for that.

"Supporting the Dollar by Internationalization of the Yen"

The other pillar policy concerns the "yen zone." The policy of internationalization of the yen has often been discussed and dismissed for the past 10 years. However, since the change of key currency normally accompanies change of superpower, it suggest another expression, the pursuit of superpower. Therefore, this has not been discussed openly. However, Kasumigaseki now says without hesitation that establishing a yen zone would be desirable for promoting Japan's national interest.

There is the "visionary thesis [maboroshi no ronbun]" of the Bank of Japan's monthly research report." Publication of the thesis was canceled just before the monthly publication of the research report. This thesis analyzes characteristics of currencies in Asian nations. However, since the yen's role in Asia in the conclusion of the thesis was determined still premature, the publication of this thesis fell through.

It would be a matter of time, however, for this thesis to be revived because many reports that have been made in the MOF, MITI, and the like are predicting the yen will become the key currency.

First of all, there is a report released by the Committee on Foreign Exchange and Other Transactions of the MOF last June. It shows that in reality the yen is being used more often than expected as the settlement currency in trades between Japan and Asian nations.

Atsushi Oi, chief of the Foreign Exchange and Trade Finance Division of the International Trade Administration Bureau of MITI, says this as his private opinion. "Twenty years from now, Japan may be troubled with a double-digit deficit in finance and trade. By then, Japan should have a system where it issues bonds in its own currency just like the United States has been doing and raises funds by having other countries buy them. Otherwise, it will fall into a disadvantageous position as other debtor nations."

What Oi organized as a private adviser to the director of the International Trade Administration Bureau was a "foreign exchange and trade finance problem study group" (headed by Yusuke Onizuka, a Tokyo University professor). A report released by this group in June indicates clearly the direction "to support the dollar by internationalizing the yen." In other words it sets forth the direction that the yen will be the key currency. It also suggests the methodology such as abolishing the regulations of Tokyo financial market.

Concerning the current situation where "the risk of the floating exchange caused by mistakes of the United States in its macro operation is one-sidedly forced on Japan and Asian countries," Gyoten, chairman of the Bank of Japan, insists on "the need for the Japanese yen to be a public property." Mr. Tomomitsu Oba, former deputy vice minister for financial affairs and current director of the Japan Center for International Finance, says, "The yen's role will expand even more if such major importers as power and gas would purchase their resources with yen. We do not need to ask the United States for its opinion concerning this direction at all."

The country that carries the key currency will bear heavy burden. In order to win trust from the currency holders abroad, strict integrity on domestic macro policy will be required. The reason the U.S. currency which seem to be lacking in that strict integrity and yet still functions as the key currrency is that the United States provides another "public property," military power. I wonder if any of those who aspire to establish the "yen zone" are aware of that.

These trends—before policy—as we have seen have been shared widely among Japanese bureaucrats and politicians. It is a pervasive atmosphere that which cannot be identified with any one individual. And yet in Japan, a trend of this type is most important, as late Shichihei Yamamoto asserted.

Obstacles to Change in Finance Industry Outlined

Malfunctioning Market Principles

952A0235A Tokyo NIKKEI KINYU SHIMBUN in Japanese 29 Nov 94 p 1

[Article by Yoshi Nakamura, Naoyuki Sekiguchi, Yasuo Ota, Hideyuki Konaka, Takuhiko Goto, Akira Suzuki, Horiatsu Ohya, Hiroaki Nanami, Mikio Kanno; one in a series entitled "Japanese Finance—Prelude to the Next Century; Barriers to Change"]

[FBIS Translated Text]

Prelude to Next Century

The "Japanese financial system," which is subject to new economic trends such as the aging phenomenon and emphasis of service, is being ceaselessly exposed to the pressures of change. However, the "massive protective systems" built by the Ministry of Finance [MOF] and the Bank of Japan [BOJ] in the 50-year postwar period have become embedded in every nook and cranny in the financial industry. The industry is unable to rid itself of the perception of uniform behavior, is incapable of demonstrating creativity, and fails to firmly embrace the principle of self-accountability.

Tantamount to Collusion

It was 24 November. Three-month certificates of deposit (CD's), which serve as an index of short-term interest rates, traded for the first time in a month. On hearing that news, one foreign bank funds officer stated disparagingly, "When interest rates are high, no trading takes place. When they drop, trading begins. Isn't this tantamount to 'financial collusion'? I wonder if Japan has a market in the true sense of the word."

The existence of an extraordinary situation in which trading was completely nonexistent for a one-month period was attributable to the city banks, which exercise an overwhelming influence over the CD markets. As the expectations of higher interest rates strengthened, issuance of three-month CD's would logically call for higher interest rates and lead to a hike in the short-term prime rate. If that should happen, interest levels as a whole would rise and impose a heavy burden on city banks which hold huge sums of bad loans. Issuance of CD's suddenly came to a halt as if the city banks had come to a mutual agreement to do so.

Trading resumed at this stage because the sharp drop in stock prices caused a rapidly diminishing outlook for a rise in future interest rates. There were some financial institutions other than city banks that wanted to trade in CD's during the one-month period, but as long as city banks failed to make a move, there was no way to obtain rates that could serve as a standard. It was a case where they could not make trades even if they wanted to.

The custom that logical "market principles" calling for higher market interest rates whenever expectations grow on the part of market participants for higher interest rates do not apply and priority is given to the interests of leading city banks in Japanese short-term financial markets looks especially "unfair" in the eyes of European and U.S. financial institutions.

Dissatisfaction Intensifies Among Foreign Banks

"We would like to see credit standings reflected in CD interest rates," are the words reflected in a petition recently submitted to the MOF and BOJ by the Foreign Bankers' Association. Ratings of principal European and U.S. banks are higher than Japanese city banks in international financial markets. Normally, it would not be odd for foreign banks to be able to issue CD's at lower interest rates than Japanese city banks. However, interest rates applicable to CD's issued in Japan are basically determined by the type of banking operation of the issuer. The lowest and most advantageous rate applies to city banks. Next come the regional banks, second regional banks whose rates are higher, and then the foreign banks with rates similar to those of the second regional banks. Even if both credit standings and ratings are high, advantageous interest rates are not applicable to unfamiliar foreign banks. These are rules that have been established solely on the basis of parochialism of Japanese short-term markets without regard for credit standing. Foreign banks sensed an explosion of wrath at such "parochial logic" and lodged a direct appeal to the financial authorities.

The call markets which serve as the basis for BOJ monetary adjustments similarly lack efficient trading. In the beginning of October, the unsecured overnight call markets underwent more than two hours of mutual posturing much like two sumo wrestlers just before they launch themselves into a match. City banks seeking to raise funds at a low rate and investment trust managers seeking high investment returns refused to agree on the terms of trades.

No matter how much posturing takes place, trades are consummated by 1300, which is the designated settlement time, but the market fails to function until that time. City banks desire to control the markets, but lack desire to play the role of "market maker" to ensure the efficient functioning of the markets at all times.

The BOJ, which is supposed to function as the surveillance agency for the markets, persists in a wait-and-see attitude and, as one BOJ official remarks, such a situation "is not desirable, but we cannot force them to trade." However, in reality, the BOJ is playing the role of "notorious leader" of parochial short-term markets. The events leading to the pending establishment in September 1995 of the "Call Money Trading Collateral Center" directly testifies to that fact.

Call loan companies currently use bicycles to carry securities, which serve as collateral for trades, between banks and the BOJ. The concept for a collateral center calls for consolidated custody of collateral which is susceptible to loss during bicycle movements and simplification of settlement procedures, but a concern is how to preserve secrecy about collateral under consolidated custody. The conclusion reached after much mental agony was the idea of placing the vault for safekeeping of collateral inside the BOJ.

The BOJ had the resources to ensure complete risk management, and placement of the collateral center in the BOJ had the advantage of providing one more sanctuary for employment of retired BOJ officials. However, financial transactions are trending away from the secured to the unsecured mode. Establishing the center at this late stage will merely mean a rapid rate of obsolescence. The posture by which call money brokers move in favor of establishing the collateral center notwithstanding these facts obviously demonstrates the proclivity of fellow brokers to conduct themselves collusively under the aegis of the BOJ.

Risk of Two Values for One Item

On the day that trading resumed on three-month call instruments, the BOJ interspersed BOJ loans with its injection of money into the markets, conscious of the declining stock prices. Doing so provides for better transmission of the message of money-easing as compared with bill-buying operations of the same monetary volume. Loans are made at the official discount rate, currently at 1.75 per annum. For banks, the rate represents a form of subsidy.

However, such loans create a situation in which BOJ credit is issued at both a market rate and a non-market rate, thus creating "two valuations on a single item." Although it claims it emphasizes market functions, the BOJ introduces into the market funds which are not controlled by market principles and banks depend on such funds. There's also the potential for creation of moral hazards because of dependence on loans.

In the United States, problem banks borrow at the official discount rate only because they have no other choice. In Germany, they have a loan system secured by bonds and when private-sector banks use the system, they pay a rate which is higher than the market rates. Both countries use systems which encourage the procurement of funds on the part of average banks at prevailing market rates. It is difficult to create a market which is compatible with the rest of the world, while maintaining the BOJ loan system.

On 15 November, BOJ President Mieno gave a speech on the financial hollowing issue and stressed, "There is a need to provide for the maximum functioning of market economy dynamism based on the principle of self-accountability." His speech should have consisted of a review of his term in office and an expression of objectives remaining to be achieved by the new president, but he made no mention of BOJ loans and short-term markets throughout his speech.

Short-term market participants do not hesitate to refer to themselves as a "parochial society." In those circles, reference to BOJ loans is taboo. Unless that prohibition is broken and the parochial logic altered to market logic and even if the damage incurred by the bubble collapse is repaired, it will be impossible to formulate a new plan for Japan's financial system.

Uniformity in Interest Rates

952A0235B Tokyo NIKKEI KINYU SHIMBUN in Japanese 30 Nov 94 p 1

[Article by Yoshi Nakamura, Naoyuki Sekiguchi, Yasuo Ota, Hideyuki Konaka, Takuhiko Goto, Akira Suzuki, Horiatsu Ohya, Hiroaki Nanami, Mikio Kanno; one in a series entitled "Japanese Finance—Prelude to the Next Century; Barriers to Change"]

[FBIS Translated Text]

Inquiry by Fair Trade Commission

The Fair Trade Commission [FTC] initiated a major interview inquiry [kikitori chosa] of banks beginning in the latter part of October. Questions were directed at officials of more than 10 banks, including the chairmen of city bank associations, leading banks, leading regional banks, and credit associations, and included the questions: "What is the basis for the way you set interest rates?" "How do you set your fees?"

Even in the past, there have been times when the FTC has questioned city banks on how they set home loan rates and short-term prime rates. However, there is no precedent where the FTC had run a concentrated survey crossing all different sectors of the banking industry. The FTC is especially interested in the financial industry's proclivity for "uniform behavior."

The 17th of October, the day on which the setting of interest rates on liquid deposits was decontrolled, should have been a special day for Japan's financial industry. Toshio Morikawa (president of Sumitomo Bank), chairman of the Federation of Bankers' Associations of Japan, stressed the event's ripple effect when he said, "If deposit interest rates are freely set in accordance with bank strategies, the impact should be of benefit to consumers."

However, once the system was decontrolled, hardly any change in regular savings deposit interest rates appeared, with the exception of some of the small and midsized financial institutions. In comparison to the days when interest rates were regulated and set at an annual rate of 0.22 percent, eight of 11 city banks set their rates at 0.25 percent, while Sumitomo Bank, Dai-Ichi Kangyo Bank, and Tokyo Bank were the only ones that set rates at a slightly higher level.

Kansai University Professor Emeritus Shozo Ueda laments, "This is a case of extremely uniform behavior." A nationwide survey of regular deposit interest rates of 140 banks as of 17 October revealed that 47 banks retained the going rate of 0.22 percent; that a majority, 71 banks, offered a rate of 0.25 percent; and that, with the exception of one bank out of the total, 139 banks offered rates which ranged from 0.22 percent to 0.3 percent.

In July 1994, Ueda filed a complaint to the FTC on the suspicion of a cartel existing among 13 city and regional banks in the area of time deposits. The complaint made an issue of the fact that per employee operating net profit of the Sanwa Bank was running 10 times that of the regional banks, despite interest rates being offered at approximately uniform rates. Ueda is preparing to take separate action on the recent demand deposit interest rate issue.

The major inquiry by the FTC is not being performed on the basis of the process of determining interest rates in connection with the deregulation of demand deposit interest rates nor because of the complaint filed by Ueda, but FTC Economic Department Coordination Division Chief Takayuki Suzuki comments, "One wonders why interest rates were uniform to begin with. At any rate, we hope to make good use of the inquiry by listening carefully to what the respondents have to say."

Obscure Rules

"There's no reason for us to involve ourselves in advance discussions. The reason is that such behavior would subject the bank's image to immeasurable damage," are the words expressed by a leading city bank's planning officer in denying suspicions of a uniform approach on interest rates, but there are almost no banks that are able to clearly explain their internal rules for setting interest rates. Many sources take the view that, "One cause for suspicion is the obscure method of setting interest rates."

Uniform approaches are deeply rooted in regional financial structures. A regional bank industry official mentions, "Regional banks do not possess a competitive attitude." He adds, "Regions have what are considered representative banks and there is no desire to establish a distinction from other banks through differences in interest rates. They take the smug attitude that there is no reason for depositors to transfer accounts to banks in other prefectures."

Regional banks tend to become price leaders in each region and it becomes difficult for other financial institutions to set different interest rates. You hear suppressed comments that "The regional banking industry has a "secret agreement" to refrain from making substantial hikes in regular deposit interest rates." This speculation is based on the characteristics of the "Japanese financial system," which has a strong aversion to disruption of an orderly system.

"The time deposit interest rates currently offered deprive banks of the ability to win in a competition for new deposits during bonus payment periods. We should cut regular deposit interest rates and effect a significant hike in time deposit rates." "Cutting regular deposit interest rates at this time might damage the bank's image." Nearly one month after decontrol of deposit interest rates, on 11 November, these comments were being voiced in a debate on setting the following week's interest rates by officials at the main office of Dai-Ichi Kangyo Bank in Uchisaiwai-cho, Tokyo.

Dai-Ichi Kangyo's regular deposit interest rate at the time of deregulation was set at 0.3 percent, noticeably higher than other city and regional banks. An official of the bank said, "The rates were set at a level that considered the satisfaction index of depositors," and at one time displayed self-confidence in having set an independent interest rate. However, in the end, on 14 November, it dropped its regular deposit interest rate to the "uniform approach rate" of 0.25 percent, and hiked its long-term time deposit rate to the same level as other regional banks.

Dai-Ichi Kangyo Banks deposits as of the end of September 1994 stood at about 35 trillion yen. If it were to pay interest on regular deposits at a premium of 0.05 percent for one year, it would incur increased interest expenses of more than 1 billion yen. No other competing regional bank followed its lead on the regular deposit interest rate, while in the area of time deposits, other regional banks zeroed in on its lower rate, while branches and sales representatives of Dai-Ichi Kangyo increasingly complained of the disadvantage of lower time deposit rates, bringing it to the conclusion that a uniform approach in line with other banks was the best policy.

There are other examples where aggressive policies following deregulation were retracted in regional areas. The Fukushima Credit Union hiked its regular deposit rate to 0.38 percent concurrent with deregulation which was the highest of local rates. In order to make the interest level easy to understand for customers, it stipulated, "The rate will be 16 percent of the rate applicable to three-month CD's [certificates of deposit]. However, other nearby competing regional banks joined in the uniform approach, setting their rates around 0.25 percent. In the end, Fukushima Credit Union reduced its rates back to the same level as other regional banks.

Takashi Tamaki (president, Chiba Bank), chairman of the Regional Banks Association of Japan, in connection with time deposits with prize incentives offered by Jonan Credit Association, comments, "The golden road to competition for financial institutions involves interest rates and financial products." However, the "golden road" has been manifested in the form of a uniform approach on the interest structure. And, the leading banks are using premiums featuring famous personalities to attract deposits, but they can hardly be classified as part of the definition for "golden road."

U.S. Banks Take Lead

It wasn't the Japanese financial institutions that took the initiative in taking advantage of interest bonus campaigns which became possible under the demand deposit system. It was U.S. Citibank that offered 2.0 percent regular deposit rates limited to about six months on regular deposits and foreign exchange deposits.

The Japanese financial industry seems to persist in its attitude of uniform approaches and a wait-and-see attitude. If attempts at interest rate competition turn out to be a flop and it persists in its mentality of considering as a virtue its adherence to a passive sense of balance, the industry will eventually lose the support of its customer base. Such a phenomenon is clearly visible outside the financial industry in areas such as the department stores which are currently struggling as part of the distribution industry.

Limits on Creativity

952A0235C Tokyo NIKKEI KINYU SHIMBUN in Japanese 6 Dec 94 p 1

[Article by Yoshi Nakamura, Naoyuki Sekiguchi, Yasuo Ota, Hideyuki Konaka, Takuhiko Goto, Akira Suzuki, Horiatsu Ohya, Hiroaki Nanami, Mikio Kanno; one in a series entitled "Japanese Finance—Prelude to the Next Century; Barriers to Change"]

[FBIS Translated Excerpt] **Will Not Seek Developmental Benefits**

Casualty insurance companies began offering a new type of "long-term disability income guaranty insurance" which guarantees disabled workers a specified level of income. The product is sold by a major U.S. insurance company called UNUM Group in countries such as the United States. In Japan, Yasuda Fire and Marine Insurance Company used UNUM's data base in jointly developing the new product and applying for the approval of the Ministry of Finance [MOF].

However, in launching sales of the new product, the insurance companies are using a uniform approach. This is a phenomenon which is inconceivable in the general industrial world where they compete fiercely in the development of new products, but there is a reason for the uniform approach. The reason is that the casualty insurance industry has a "custom" of mutually exchanging data and know-how on new products. Rival casualty insurance companies were able to initiate sales at roughly the same time based on information made available by UNUM and other sources.

Industry sources mention that the nature of the casualty insurance industry wherein the uniform approach is widely practiced in the industry gave birth to such a custom. The explanation is that "It is more advantageous to rapidly develop consumer demand of products applicable to the public as a whole." Even UNUM explains, "We came to the judgment that it was crucial to first expand the market because it was a product that was not available in Japan."

In the recent Japan-U.S. economic framework talks, the treatment of new insurance products became a topic and an agreement was reached which provided, "In recognizing developmental benefits, exclusive use rights and period of use will be clearly stipulated." Industry sources state, "None of the insurance companies will assert their right to developmental benefits. If a firm were to do so, it would become the target of painful retaliation by other firms."

U.S. Securities Firm Acts as Lead Underwriter

Nippon Shinpan Company, in November, issued Euroyen-denominated corporate bonds which were secured by automotive loans. This is the first securities product based on small domestic loans and was designed by U.S. Goldman Sachs International. It succeeded in winning the role of lead underwriter in a competition against Japanese banks and securities firms.

U.S. firms have far more experience in converting leases and credit instruments into securities. However, when Japanese corporations issue such securities, they must negotiate with concerned government ministries and agencies and determine ways to design the securities so that they conform with Japanese tax and accounting systems. Normally, Japanese financial institutions should be at an advantage in handling such securities.

Many market sources express the view that the "special status" of being an overseas financial institution played a decisive role in Goldman Sachs selection, but it appears that Goldman Sachs' zeal in developing markets led to its selection for development of the new product. Nippon Shinpan Company explains its selection of Goldman Sachs as lead underwriter by saying, "The timing of its proposals was ideal and they demonstrated an abundance of know-how." Goldman Sachs first submitted proposals to Nippon Shinpan Company four years ago, in November 1990. Study sessions were held with the financial team of Nippon Shinpan Company led by then-director and now managing director Kimihisa Suzuki, certified public accountants, and attorneys. The Special Bond Transfer Regulating Law which opened the way for liquidity in loans of nonbanking firms was implemented 30 months later in June 1993.

Goldman Sachs transferred three specialists who had been involved in conversion of financial instruments into securities in the United States to its Tokyo office and assigned four members of the Tokyo branch's corporate financing division to the functional area. Personnel resources were strategically assigned to the work and given company-wide support.

The Japanese financial industry has an extreme fear of creativity. That attitude has gradually changed in connection with the deregulation of demand deposit interest rates which were being resisted to the very end. The Jonan Credit Association of Tokyo launched a nationwide "prize money boom." This is not the first time that Jonan Credit Association violated the rule of self-control.

Before the recent super time deposit with prize incentives, it launched sales of "Jonan installment time deposits with dream incentives" in June 1993. The latter product provides that installment time deposits contracted for amounts in excess of 1 million yen will reward the depositor twice a year with vegetables and famous products from sources throughout the country. Some sources have criticized the program as being in violation of an unwritten agreement in the industry which says that premiums in excess of 1,500 yen in value will not be offered.

Chairman Minoru Makabe asserts, "The rule was arbitrarily created by the industry. Now that we enjoy deregulation, we should offer its benefits to the consumer," thus laying the groundwork for product development competition among credit unions and associations.

Protection of Proprietary Products

[passage omitted] Concerning the competition relative to deposits with premiums attached, comments are widespread in the industry such as that of Toshio Morikawa, chairman of the Federation of Bankers Associations of Japan, who states, "Benefits offered by financial institutions should center on interest rates and quality of products." The reason is that there is the fear that some simple idea could influence a major movement of funds.

Tokyo University Economics Department Professor Kazuo Ueda mentions, "It appears the MOF is attempting to provide for an orderly deregulation of services along with deregulation of interest rates." The MOF is aware of what can happen if there is an overheating of competition and it is for this reason that it is probably striving for deregulation on an incremental basis so as not to create upheavals.

However, no matter how hard the MOF tries to provide for deregulation on an orderly basis, it is only natural that attempts will be made to transcend such controls. There is no way that individual firms can attain stability of operations merely by mimicking the competition in an age such as the present. We are now approaching the age when we must face the challenge of creativity.

Editorial Urges Comprehensive Tax System Reform

952A0220A Tokyo NIHON KEIZAI SHIMBUN in Japanese 29 Nov 94 p 2

[Editorial: "Tax Reform for Concept of 'Small Government'"]

[FBIS Translated Text] The tax reform law passed the upper house of the Diet and was enacted at the end of last week; but that does not mean the matter thereby was settled. Considering that it ended with results far removed from this reform's original aim of building a substructure to support an aging society, the debate on radical reform is merely at a stage of finally starting.

From now on, the debate on next fiscal year's tax system reform will turn serious; and the major topics will be whether next year to extend the special 2 trillion yen tax reduction to 1996 also, and whether to reconsider the 5-percent rate (including local consumption taxes) for the consumption tax starting from fiscal 1997. Furthermore, it will be necessary to take up full- scale reform as quickly as possible.

The things important to that, besides returning to the basic taxation principles of simplicity, fairness, and neutrality, are checking the rise in the public's share of the burden and making clear the viewpoint of aiming for "small government."

In the series of tax-reform debates since the time of the Hosokawa regime, what was most bothersome was the government's stance of trying to attain real increased taxes by staunchly maintaining that social welfare-related costs will increase.

While it was trimmed from the previous regime's 7-percent consumption tax rate, this last tax reform brought about by the Murayama administration also is nothing but a real tax increase, since it held the institutional tax reduction (permanent tax reduction) to 3.5 trillion yen.

Related to this, what requires attention in this latest tax system reform are two points: 1) that a proviso is attached saying that "should the economy turn particularly favorable," consideration would be given to abolishing the 2 trillion yen special tax reduction for fiscal 1995, and 2) there is the stipulation for the consumption tax rate that "necessary measures will be taken by 30 September 1996, at such time that it is found necessary" to secure revenue for social security and so on.

Course for Real Tax Increases Is Clear

Aside from the question of under what kind of conditions that will be decided, the possibility remains that, depending on economic conditions, the special tax reduction will be discontinued and the consumption tax rate will rise further. That it is an out-and-out real tax increase line is clear.

As is often pointed out, the previous full-scale reform centered on introducing a consumption tax took place during the Nakasone administration. It not only effected such administrative reforms as privatization of the Japan National Railways, but also was achieved by making marginal tax reductions calculated by the Ministry of Finance at 2.4 trillion yen through cuts in corporate taxes and income taxes.

Under the Murayama coalition administration with the Liberal Democratic Party-Social Democratic Party of Japan alliance as its main axis, the zeal for administrative and financial reform premised on raising the consumption tax is all but imperceptible. That is shown to be true because the currents that seemed to arise after the Hosokawa administration for drastic cutbacks in government regulations and curtailing and rationalizing special corporate bodies have subsided as time has passed. In rationalizing expenditures and reviewing public investment allocations, they have not adopted any policies to speak of.

In view of the nature of the support forces it attracts, this coalition administration holds the possibility of bringing on "big government" by degrees.

What the current regime should quickly take up is drawing up a concrete action program for easing regulations and curtailing special corporate bodies and resolutely trimming expense items with a low degree of priority. A vision of a social security system emphasizing effectiveness also needs to be attended to. If they become seized by preexisting concepts shackled to their past support bases, they may be left behind by the current of the times.

They must not think that the public wants the kind of society in which public obligations, including social security fees, exceed 60 percent (38 percent in Japan in fiscal 1992), as in some European nations.

Moreover, they should draw up a plan for a drastic reform of the tax system. For income taxes, thorough reform by cutting back graduated tax rates, not achieved this time, is indispensable.

Also, on the consumption tax, urgent matters include shrinking such exceptional measures as a wide cut in the tax-free point (now 30 million yen or less in taxable sales volume) and introducing an invoice system taking as its criterion the tax table for accounts payable (now an accounts ledger method relying on their own books).

Take Hard Look at Tax System Overall

Another pressing matter also is reform that takes a hard look at the tax system overall, covering the range of view even of asset taxation and corporate taxes. For reform of a tax system of the type that overemphasizes income taxes, one cannot escape a reconsideration of corporate taxes, including local taxes, that plainly are high internationally; and it will be necessary also to set forth a program to achieve things like comprehensive taxation of such asset-derived income as interest and dividends.

Also, tax system revisions for next fiscal year, on which work has begun in the ruling parties, cannot lack the viewpoint of deliberating within the tax system as a whole. It was the reality of the work of revising next fiscal year's tax system that, with no specific ideas, it was made to conform to the core of each industry's wishes. As a result, the tax system has become greatly distorted.

As we have already indicated, the special tax rate measures may be called a symbol of that. We would first like to see an operation in which things that are illogical as policy goals and things that have already achieved their purpose get washed out one by one. If only because vested rights are created, a certain kind of pain will pertain, just as with easing regulations; but we would like them to take it on from the stance of its being a part of tax system reform.

One thing more that is a problem for next fiscal year's revision is the land tax system. Arguments for abolishing the land-value tax are heard from the department store and steel industries, but that may be premature. Looked at it from the viewpoint of a desirable land tax system, the experts' prevailing view is for the land-ownership tax to be beefed up and the transfer income tax to be lightened. Land prices certainly have settled down, but there can be no guarantee that they will be all right in the future as well. Is it not still too early to hold that the time has come to debate their corresponding in the future to the fixed-asset tax, which the local tax is?

In this fiscal year's revision of the tax system, special measures were broadly accepted for the transfer tax on land, which had been raised in the bubble era. The Ministry of Finance says that nearly three-fourths of transfer profits are subject to special exemptions or reduced tax rates. Such things are typical of the murky special tax measures that are confusedly decided upon; but it may be reasonable to abolish these and think in the direction of lowering basic tax rates.

North Korea

Foreign Ministry on U.S. Implementation of Accord

SK2501045295 Pyongyang KCNA in English 0445 GMT 25 Jan 95

["Information on U.S. Measures To Implement Framework Agreement With DPRK"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 24 (KCNA)—A spokesman for the Foreign Ministry of the Democratic People's Republic of Korea released the following information today on the measures taken by the U.S. side to implement the framework agreement with the DPRK:

Under the DPRK-U.S. framework agreement of October 21, 1994, the U.S. side was obliged to provide the DPRK side with 50,000 tons of heavy oil by January 21 this year and take measures to reduce barriers to trade and investment, including restrictions on telecommunications services and financial transactions as the first step of the implementation of the agreement.

The U.S. side carried 50,000 tons of heavy oil aboard the Chinese oil tanker Daquing 94 and the Liberian oil tanker Lark Lake to Sonbong port of the DPRK on January 17 and 19, 1995, and the unloading of oil was finished by January 23.

On January 20, the U.S. State Department announced its first- stage measures to reduce barriers to trade and investment such as unblocking frozen assets of the DPRK, authorizing the DPRK to use the U.S. banking system to clear transactions, authorizing transactions related to telephone and telecommunications connections between the two countries and credit card use in connection with personal travel and other travel-related transactions and resolving the knotty problems in the implementation of the framework agreement between the two countries.

ROK Remarks on Sanctions Against North Decried

SK2501064195 Pyongyang Korean Central Broadcasting Network in Korean 1225 GMT 24 Jan 95

[Kim Ho-sam commentary: "Silly Talk by Irrational Figures"]

[FBIS Translated Text] According to a radio report from Seoul, the South Korean puppets recently blared that sanctions against North Korea will continue.

This is indeed foolish absurd remarks prompted by the puppets' antinational and antireunification vicious intent to block the implementation of DPRK-U.S. agreed framework at any cost and to continually pursue confrontation with us in collusion with outside forces.

As everyone knows, today the framework agreement between the DPRK and the United States is being successfully implemented.

Needless to say, the successful implementation of the DPRK-U.S. framework agreement will make important contributions to basically resolving the nuclear problem on the Korean peninsula and to guaranteeing peace and security in Asia and the world. At the same time, it will open a favorable phase for relaxing North-South tensions and for the nation's peaceful reunification.

This is why the peace loving people of the world, not to mention all 70 million fellow countrymen, are warmly supporting and welcoming the implementation of the DPRK-U.S. framework agreement.

Nevertheless, the South Korean puppets are again gaspingly blowing a bugler about outworn sanctions, going astray from the trend of the time. This shows that they are completely engrossed with a wild fancy on sanctions.

As has already been revealed, the South Korean puppets frantically ran amok with commotions of sanctions on the pretext of our so-called nuclear threat.

The rascals not only kicked up a racket, blaring international cooperative system, sanctions, and the like, by busily making a junket to the United States, Japan, and even to the UN stage, but also frenziedly solicited outside forces for sanctions against fellow countrymen by offering even South Korea's rice markets to them.

However, the rascals were humiliated at last, being pushed aside by fierce waves in the trend of the time, and their rackets on sanctions have ended in failure.

Thus, the puppets were put to shame by the people who gave a disgraceful failure mark to the puppets for their northward policies and foreign policies. This being the case, the rascals should have learned due lessons from this and should have behaved rightfully.

However, the rascals failed to restore reason up to now, and are still blowing the outworn bugle on sanctions. This is indeed as foolish an act as that of attempting to stop a running train.

The problem is that the rascals have not discarded the sense of anticommunist confrontation that has taken deep root in their brains.

As has already been known, entering the new year, the Kim Yong- sam group's confrontation frenzy reached a more reckless stage. From the early part of the new year, the civilian warmongers raved about southward aggression, alertness against the North, preparations for complete combat readiness, and so forth. Besides, the civilian fascist hooligans loudly blared that they will eradicate pro-North Korean leftist forces, and are scheming for a wholesale repressive offensive against the forces aspiring to independence, democracy, and reunification.

All this proves that advertisement of North-South reconciliation and cooperation presented by the Kim Yong-sam group at the new year is nothing but a deceitful trick to conceal the rascals' antinational and antireunification nature and that the rascals only have the ambition for confrontation, war, and reunification through victory over communists.

Needless to say, the rascals' blowing the bugle on outworn sanctions even today is prompted from their invariable sense of confrontation. However, this is a foolish act, same as that of one hitting one's head with a rock.

The more recklessly the Kim Yong-sam group may run wild by going counter to the trend of the time, the more rapidly it will bring about its own downfall.

Letter on ROK Prisoners Sent to UN Commission

SK2501041695 Pyongyang KCNA in English 0402 GMT 25 Jan 95

[FBIS Transcribed Text] Pyongyang, January 25 (KCNA)— The Organisation of Solidarity of the Peoples of Asia, Africa and Latin America sent a letter to the human rights centre of the United Nations Commission on Human Rights on January 17 urging it to cooperate in repatriating old Kim In-so, Ham Se-hwan and Kim Yong- tae, unconverted long-term prisoners in South Korea, to the northern half of Korea.

It is the just demand of the unconverted long-term prisoners to go back to their native towns in the northern half of Korea and to live with their families and relatives, the letter said.

It demanded the human rights centre to make efforts so that the South Korean authorities may send immediately them back to their home towns.

ROK 'Suppressing' Pro-Reunification Forces

SK2501101695 Pyongyang KCNA in English 0956 GMT 25 Jan 95

[FBIS Transcribed Text] Pyongyang, January 25 (KCNA)—The Kim Yong-sam group on January 23 called a "national meeting of chief prosecutors" and gave "instructions" to "strengthen investigative power against Communism and root out the pro-North radical forces", according to a Seoul-based radio report.

The "radical forces" whom the puppets cried for suppressing are, in actuality, the patriotic pro-reunification democratic forces from all walks of life struggling for independence and democracy and reunification in South Korea.

The move of the Kim Yong-sam fascist clique to crack down upon the pro-reunification patriotic forces is quite unjustifiable.

Never should it go unnoticed that the puppets are blaring that they would root out the "radical forces" in South Korea, while making belligerent remarks getting on our nerves and inciting war fever.

It is only too clear that this is related to the serious crisis of the Kim Yong-sam puppet regime that has been completely isolated and rejected within and without for its never-to-be-condoned anti- national and anti-reunification crime.

The Kim Yong-sam group which finds itself in the crisis like a fish out of water with the bankruptcy and failure of the "reform policy" and "policy towards North Korea and foreign countries" has worked out a "plan of globalization", but it meets opposition everywhere.

Therefore, the Kim Yong-sam group is seeking for a way out of the ruling crisis in further strengthening the fascist repression on the South Korean people while diverting the people's attention elsewhere by inciting war fever.

The Kim Yong-sam fascist clique must stop at once the suppression of the pro-reunification patriotic forces.

Establishment of 'New International Order' Urged

SK2501103295 Pyongyang KCNA in English 1027 GMT 25 Jan 95

["New International Order Must Be Established"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 25 (KCNA)—NODONG SINMUN today carries a by-lined article calling for destroying the old international order and establishing a new fair one.

The article says:

To establish a new fair international order means, in essence, establishing international relations and international order of life suitable to the principle of international justice and equity and the essential demand of humankind so that the sovereignty and equality of all the countries and nations may be guaranteed.

One of the important demands in destroying the unfair old international order and establishing a new fair order is to eliminate the privilege and arbitrariness of some countries in international relations and democratize the world community.

If the world community is to be democratized, it is imperative to establish international relations and democratic order based on independence and equality.

Only then can the sovereignty and equality of every country and nation be guaranteed and international issues resolved fairly.

One of the important matters in democratizing the world community at present is to democratize the United Nations. If any privilege and arbitrariness are allowed and "double standard" applied in the U.N. arena, international issues cannot be dealt with correctly and the matter of establishing a new fair international order will be dim.

It is important to establish and develop fair international economic relations in order to build a new international order.

The point is that the developing countries promote the negotiating process pursuant to the already made joint strategy and strive to establish a solid and fair monetary system.

It is also imperative to establish a new trade order against market monopoly, unfair price system, protectionism, etc., and strengthen the international movement to expand and develop international cooperation.

If the world progressive people unite closely and wage a dynamic struggle, they can destroy the old international order and establish a new fair one.

Joint Meeting on Reunification Measures Held

Yang Hyong-sop Attends Meeting

SK2501053495 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 24 Jan 95

[FBIS Translated Excerpt] A joint meeting of DPRK political parties and public organizations was held at the People's Palace of Culture on 24 January.

Placed in front of the meeting hall were the portrait of Comrade Kim Il-song, the great leader of our party and our people, and that of the great leader [yongdoja] Comrade Kim Chong-il.

Placed at the meeting hall were such slogans as "Let us thoroughly implement the 10-point program of the great unity of the entire nation for the fatherland's reunification and glorify the great leader's behest on reunification!" and "Let us achieve reunification in the nineties at all costs under the leadership of General Kim Chong-il, the great leader [yongdoja] of the nation!"

Present at the joint meeting were Comrade Yang Hyong-sop, candidate member of the Workers' Party of Korea [WPK] Central Committee Political Bureau and chairman of the Supreme People's Assembly [SPA]; Comrade Kim Yong-sun, secretary of the WPK Central Committee and chairman of the Reunification Policy Committee of the SPA; Madame Yu Mi-yong, chairman of the Chondoist Chongu Party Central Committee; Mun Pyong-nok, vice chairman of the Korean Social Democratic Party Central Committee; Chu Song-il, chairman of the General Federation of Trade Unions of Korea; Choe Yong-hae, chairman of the League of Socialist Working Youth of Korea Central Committee; Yom Tae-chun, member of the Presidium of the Democratic Front for the Reunification of the Fatherland; Paek In-chun, chairman of the North side's headquarters of the National Alliance for the Country's Reunification [Pomminnyon]; Paek Nam-chun, director of the Secretariat of the Committee for the Peaceful Reunification of the Fatherland; and representatives of parties, public organizations, and religious organizations and representatives of the North side's headquarters of Pomminnyon and the National Alliance of the Youth and Students for the Country's Reunification.

The participants paid a silent tribute to the memory of the great leader President Kim Il-song, who, personally shouldering the destiny of the nation, presented the most reasonable and just reunification proposals for the country's independent, peaceful reunification and energetically worked until the last moments of his life to realize those proposals.

The joint meeting discussed the topic "On Measures To Open a New Phase for the Fatherland's Reunification on the 50th Anniversary of the Fatherland's Liberation."

Kim Yong-sun, secretary of the WPK Central Committee and chairman of the Reunification Policy Committee of SPA, made a report at the meeting. [passage omitted]

WPK's Kim Yong-sun Gives Report

SK2501034495 Pyongyang Korean Central Broadcasting Network in Korean 1002 GMT 24 Jan 95

["Report" by Comrade Kim Yong-sun, secretary of the Central Committee of the Workers Party of Korea, WPK, and chairman of the Reunification Policy Committee of the Supreme People's Assembly, SPA, at the joint meeting of DPRK political parties and public organizations held at the People's Palace of Culture in Pyongyang on 24 January, entitled: "On Measures To Open a New Phase for the Country's Reunification on the Occasion of the 50th Anniversary of National Liberation"—recorded]

[FBIS Translated Text] [Applause] Dear delegates: Today all the people across the country are rising in the solemn advance march of the New Year with deep confidence in victory by upholding Comrade Kim Chong-il, the great leader [yongdoja] of our party and people, at the van of the revolution, and are creating, one after another, new miracles and innovations each day. All fellow countrymen are dynamically advancing the great pannational reunification march to expeditiously achieve national reunification in the nineties. We open the joint meeting of the DPRK political parties and public organizations at this dynamic time.

Recognizing that this joint meeting is being convened at an appropriate time to reflect our fellow countrymen's firm will and faith to emphasize the hope that 1995 will be the historic year in which the cause of the independent reunification of the fatherland will be achieved, I would now like to present the report, "On Measures To Open a New Phase for the Country's Reunification on the Occasion of the 50th Anniversary of National Liberation," which was put forward on the agenda.

Delegates: Expeditiously achieving national reunification in the nineties is the precious lifetime will of the great leader [suryongnim] and the firm will of our people. [applause]

The year 1994 has left a mark of loss in the long 5,000-year history of the nation, which will never be deleted. After seeing off 1994 in deep sorrow and tears, today we are holding the first joint meeting of the Republic's political parties and public organizations in the significant New Year, which our nation has designated as the first year of reunification. At this time, we cannot repress the great sorrow and bitter grief at having regrettably lost the great leader who devoted endless efforts and pains for national reunification. We recall with deep emotion the immortal achievements made by the fatherly leader on the road toward national reunification.

The great leader Comrade Kim Il-song, the sun of the nation and lodestar of national reunification, said that the greatest gift which he can give to our people is national reunification. During the past half century, he not only put forward in succession the most reasonable, fair, and just policies and methods for national reunification at every period of the situation's development, but also wisely and personally led the struggle to realize them in his vanguard position. Thus, he made immortal achievements in the history of our people's reunification movement. [applause]

Over 20 years ago, in the early 1970's, the fatherly leader had already expounded upon the three principles of independence, peaceful reunification, and great national unity for national reunification, and thus provided a common national program for reunification. In 1980, when separatists went against the fellow countrymen's aspiration for reunification by advocating a theory on the unfeasibility of reunification, he elucidated the plan for founding the Democratic Confederal Republic of Koryo [DCRK], the most reasonable and realistic reunification plan.

A grave situation was created in April 1993, in which our people could either fall victim to outside forces or could pioneer a path of national reunification with the nation's united strength of greeting the 1990's, an era which all fellow countrymen refer to as the era of reunification. At this very point in time, the great leader [suryongnim] personally prepared and announced the 10-point program of great national unity of the whole country for national reunification, a great chapter for national unity. Thus, he vigorously inspired the 70 million fellow countrymen regarding the pannational struggle for national reunification. [applause]

Antireunification maneuvers of separatist forces at home and abroad laid trials and difficulties beyond description on the road to national reunification, thus blocking the reunification. Thanks, however, to the great leader's tireless, sleepless, and energetic leadership, our people could fight unswervingly, not losing confidence in national reunification.

In particular, the fatherly leader turned the nation's situation which was dashing toward the uncontrollable phase of war, toward the direction of dialogue and negotiation last year with his unique strategy and outstanding leadership. Thus, he opened a new turning point on the road to reunification. He personally reviewed and signed important documents pertaining to the issue of national reunification until the last beat of his great heart.

The new phase for national reunification, provided thanks to the great efforts and pains undertaken by the great leader until the last moments of his life, gave great joy to our fellow countrymen, and made the whole nation overflow with a new spirit for reunification.

All fellow countrymen in the North, the South, and overseas, will never forget the tireless and sleepless efforts and pains devoted to achieving the cause of national reunification by the respected leader Comrade Kim Il-song, the benevolent father of the nation. We will never forget his great achievements. [applause]

Today our people are vigorously waging the New Year's struggle to implement the tasks set forth by the joint editorial of the organ of the party, the military, and the youth, by transforming the pain of last year's great loss a hundred and thousand times over into courage, and by upholding the great leader [yongdoja] Comrade Kim Chong-il as the lodestar of reunification.

Following the lofty intention of the respected leader Comrade Kim Il-song, we must achieve reunification in the 1990's without fail by loyally upholding the leadership of the great leader [yongdoja] Comrade Kim Chong-il. [applause]

Delegates: This year coincides with the 50th anniversary of national liberation and is the 50th year since the nation was divided.

Our fellow countrymen designated this year as the first year of reunification reflecting the will and desire to put an end to the half-century long tragedy of division and to create a new history for national reunification. Opening a breakthrough for national reunification at any cost this year, we must achieve the national joy of shouting "hurrah!" throughout the nation with the exultation felt 50 years ago at national liberation into the joy of proud national reunification and exultation at the genuine national liberation of the whole country. [applause]

At the moment, all countrymen in the North, the South, and overseas are boldly turning out in a pannational struggle for the fatherland's reunification, with the noble singleheartedness to make this year a meaningful year to open a new phase for the fatherland's reunification.

This notwithstanding, the separatists within and without are running counter to the countrymen's ever-growing, strong aspirations for reunification and more heinously resorting to antireunification maneuverings today.

Despite the strong protest and denunciation by the people at home and abroad, the antinational forces in South Korea are blocking North-South dialogue in an all-out way and are continuously leading North-South relations toward antagonism and confrontation, and antagonizing the compatriots and blocking reunification by raising an adverse wind for confrontation and against reunification, instead of promoting national reconciliation, unity, and reunification. While more viciously creating a new, fascist, security-oriented situation than the previous military dictators, they are suppressing the pro-reunification, democratic forces in South Korea more harshly than ever before. But, these are nothing but the desperate efforts of separatist forces who lie on their deathbed [imjong].

Upholding the banners of the grand unity of the nation and fatherland reunification, the pro-reunification, patriotic forces in South Korea are strenuously struggling to mark the 50th anniversary of the fatherland's liberation as a turning point to usher in a new history of creating a reunified fatherland, and a general situation favoring the realization of the cause of the fatherland's reunification is being created even in circumstances where increasingly vicious antinational, antireunification maneuverings are being carried out with each passing day.

Now is the time to take active measures to smash [tapa] the separatist forces so as to open a new phase for the fatherland's reunification, and to vigorously carry out a pannational movement for reunification.

The great leader Comrade Kim Il-song has taught: Compatriots in the North, the South, and overseas should further increase the heightened spirit for the fatherland's reunification and wage a vigorous struggle, thereby opening a decisive phase for the fatherland's reunification.

No matter what circumstances prevail [otton iri itssodo], we should open up a firm vista to realize reunification in the 1990's, while promoting the grand unity of the nation in this year of really great significance in the history of our nation's movement for reunification.

In this respect, 15 August of this year, which will mark the 50th anniversary of the fatherland's liberation, will serve as a wonderful opportunity for all countrymen in the North, the South, and overseas, to promote national reconciliation and unity, and to facilitate the cause of fatherland reunification.

It is the unanimous will of all countrymen and the common sentiment of the nation to attach great meaning and significance to the event and mark the upcoming 50th anniversary of the fatherland's liberation as a common auspicious event of the nation.

At the moment, there is a brisk movement going on in South Korea and overseas as well, to mark 15 August of this year as a meaningful, significant, and auspicious national event where those from the North, the South, and overseas can come together.

If those from the North, the South, and overseas come together to jointly celebrate the 50th anniversary of the fatherland's liberation with this year's 15 August as an inspiration, then, this will serve as the best opportunity for the consanguineous countrymen to remove the long-accumulated mutual misunderstanding and mistrust, and to reconcile and unite with one another.

With this year's 15 August as a momentum, the countrymen in the North, the South, and overseas should magnificently celebrate the 50th anniversary of the fatherland's liberation as the grand, common festival of the nation and, then again display to the whole world, that even though we have been separated in the North and the South for as long as 50 years, we are of one nation, one blood line, and one fatherland. In addition, we should fully display the wisdom and mettle of our nation which is proud of having a long national history spanning 5,000 years.

From this position, I propose, along with the consistent desire of our fellow countrymen, to grandly and jointly celebrate the 50th anniversary of the fatherland's liberation with the parties, factions, and compatriots from all walks of life from the North, South, and overseas, all sitting together in one place. [applause]

Celebrated for the first time in the half-century history of national division, the pannational grand festival for reunification will undoubtedly serve as a plaza for the grand unity of the nation uniting the hearts of the countrymen, and will serve as a grand historic undertaking to fill the whole land with the atmosphere for the fatherland's reunification.

The 50th anniversary of the fatherland's liberation should not be jointly celebrated by those from the North, the South, and overseas as a mere day of festivities, but should be turned into a historic opportunity which signals a new departure for the era of reunification by resolutely breaking away from the half-century long history of division.

Hence it is important and urgent to decide on joint national measures for reunification.

Deciding on joint national measures for the fatherland's reunification is an urgent question for reunification in the 1990's, which cannot be postponed for a moment longer. Without them, our countrymen cannot smoothly solve the question of the country's reunification [naraui tongil munje].

At the moment, the nation's will for reunification is firm, and its aspirations for reunification are extraordinarily high, but the countrymen's efforts and strength to achieve the fatherland's reunification have yet to be pooled into one single channel.

We believe that we will be able to decide on as many joint national measures as we should desire, if countrymen from each political party, each faction, and every walk of life in the North, the South, and overseas who truly desire reunification, get together to discuss ways of achieving the fatherland's reunification under the principle of subordinating everything to the realization of the cause of the fatherland's reunification. [applause]

In order to decide on joint national measures for reunification, a pannational forum for dialogue must urgently be made available. With this in mind, I respectfully propose in the name of this joint meeting, that countrymen from each political party, each faction, and every walk of life in the North, the South, and overseas get together on the occasion of this year's 15 August and its joint national festive event, to convene a grand national meeting [tae minjok hoeui] to discuss and decide on joint measures for the reunification of the fatherland. [applause]

If a grand national meeting composed of representatives from each political party and each faction, and compatriots from every walk of life—be they pro-North or pro-South—is convened with the upcoming 15 August as momentum, and if joint national measures for the fatherland's reunification are discussed and decided upon at this meeting in accordance with our proposal, it will serve as a turning point in realizing the cause of reunification, and will create a grand precondition advancing reunification in the 1990's.

I propose before this congregation: Let us send a letter of appeal in the name of this joint meeting to the political parties, organizations, and the compatriots of every walk of life in South Korea and overseas, suggesting that those from the North, the South, and overseas jointly celebrate this year's 15 August, which marks the 50th anniversary of the fatherland's liberation, and that a grand national meeting be convened in such a festive plaza to decide upon fatherland reunification measures. [applause]

Our new proposal on convening a grand national meeting with those in the North, the South, and overseas to jointly celebrate the 50th anniversary of the fatherland's liberation and to discuss and decide on joint national fatherland reunification measures, is based upon the wish to open a new turning point for the fatherland's reunification, with the upcoming 15 August as a momentum.

Today, we have a reliable guarantee for realizing this proposal. It consists of the inauguration of the DCRK, the most rational and realistic proposal for fatherland reunification which was put forth by the respected and beloved leader Comrade Kim Il-song, and the 10- point program for the grand unity of the whole nation for the fatherland's reunification, which is a charter for the grand unity of the nation. [applause]

Whether our constructive proposal will be realized or not depends upon the efforts of the compatriots in the North, the South, and overseas, who are the principle players [chuche] in the fatherland's reunification.

All countrymen in the North, the South, and overseas, who are concerned with the destiny of the nation and desire the country's reunification, should vigorously turn out and firmly unite as one in a pannational reunification movement to ensure that this year is marked as the first year for reunification.

Neither can reunification be achieved in the nineties, nor can a new phase in the fatherland's reunification be opened on the 50th anniversary of the national liberation without great national unity. All Korean compatriots in the North, the South, and overseas, must transcend differences in party affiliations, organizational affiliations, political views, and religion, and strongly unite as members of a single nation under the banner of the 10-point program of the great unity of the entire nation. As members of the Korean nation, they must also make characteristic contributions that suit the environment and conditions they face, thus providing a turning point on the 50th anniversary of the fatherland's liberation.

To ensure success in the great national meeting to jointly celebrate the 50th anniversary of the fatherland's liberation and to discuss and decide on the joint national measures for fatherland reunification, representatives and politicians of various parties, various factions, and various levels in the North, South, and overseas, must actively hold bilateral or multilateral dialogue and contacts. We will keep our doors open for all politicians and personages in South Korea and overseas who want to visit the North to discuss the issue of celebrating the 50th anniversary of the fatherland's liberation as a grand, joint national reunification festival, or the issue of reunifying the country. And we are willing to sit face to face with parties, organizations, and individual personages of South Korea and overseas to discuss these issues openheartedly. [applause]

The important issue of ensuring the success of the great national meeting to jointly celebrate the 50th anniversary of the fatherland's liberation and to discuss and decide on joint national measures for fatherland reunification, cannot be resolved apart from the struggle against the divisionists.

All problems concerning the issue of reunifying the country cannot be solved smoothly under circumstances where the divisionists keep perpetrating obstructionist maneuvers and in which the antireunification, antinational, and fascist National Security Law is left intact.

All fellow countrymen in the North, South, and overseas, must more fiercely [sechage] raise the flames of the struggle to check and frustrate the antireunification confrontational maneuvers by the current South Korean rulers, who habitually pursue divisionism, and abolish the National Security Law, a remnant from an outdated era.

To thoroughly carry out the militant tasks presented by the joint editorial of the party, military, and youth newspapers, all people on the northern half of the Republic must continuously score gains in production and construction and make strenuous efforts with compatriots of South Korea and overseas to carry out the noble cause of hastening reunification, in the nineties. [applause]

The road to fatherland reunification remains arduous and thorny because of the obstructionist maneuvers by the divisionists at home and abroad. Nonetheless, just as no one can stop a river from flowing to the sea, no one can break our nation's firm will to implement the great leader's behest on reunification by achieving a new breakthrough for the fatherland's reunification and hastening the fatherland's reunification in the nineties, on the 50th anniversary of the fatherland's liberation.

At the vanguard of our people's noble struggle to reunify the fatherland and carry out the chuche revolutionary cause is Comrade Kim Chong-il, the respected and beloved supreme commander, who is the nation's great leader [widaehan yongdoja] and the lodestar of the fatherland's reunification. [applause]

With the great leader [yongdoja] Comrade Kim Chong-il wisely leading our nation's reunification movement on the single road of victory, the prospects for the reunification of the fatherland will always remain bright. [applause]

Let us all cherish the great leader Comrade Kim Il-song's behest on reunification deep in our hearts and more vigorously fight to hasten reunification in the nineties, under the outstanding leadership of the great leader [yongdoja] Comrade Kim Chong-il. [applause]

'Great National Conference' Urged

SK2501043195 Pyongyang KCNA in English 0420 GMT 25 Jan 95

["Great National Conference Proposed"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 25 (KCNA)—A joint meeting of political parties and public organisations of the Democratic People's Republic of Korea was held here Tuesday.

The meeting discussed "measures to open a new phase for national reunification on the 50th anniversary of the country's liberation" and adopted an appeal to the political parties, organisations and people from all walks of life in South Korea and overseas.

Prior to the meeting, the participants paid a silent tribute to the memory of the great leader President Kim Il-song, who energetically worked till the last moments of his life for the independent and peaceful reunification of the country.

Kim Yong-sun, secretary of the Central Committee of the Workers' Party of Korea and chairman of the Reunification Policy Committee of the Supreme People's Assembly, made a report at the meeting.

The reporter noted that the great leader Comrade Kim Il-song laid down most reasonable and fair policy and ways of national reunification in each period of the developing situation and wisely led the efforts to carry them into effect, thus performing immortal exploits for the time and the annals of the Korean nation's reunification movement.

The reporter went on:

"If people from the North, the South and overseas get together and jointly celebrate the 50th anniversary of national liberation on August 15 this year, it will provide a good opportunity for our fellow countrymen to dispel the long pent-up misunderstanding and distrust among themselves and get reconciled to one another for unity.

"From this point of view, I earnestly call on all political parties, groupings and people from all walks of life in the North, the South and overseas to get together and jointly celebrate the 50th anniversary of national liberation in a grand style as unanimously desired by the fellow countrymen.

"If the nation's common way of reunification is to be confirmed, a nationwide dialogue is urgent.

"In the name of this joint meeting, I propose that all parties, groupings and people from all walks of life in the North, the South and overseas who wish national reunification should get together at a great national conference on the occasion of August 15, the 50th anniversary of the country's liberation, under the banner of the 10-point programme of the great unity of the whole nation and discuss and confirm the nation's common way of reunification.

"We must not celebrate the 50th anniversary of national liberation merely as a common holiday of the North, the South and overseas, but make it a historic occasion in decisively terminating the half-a-century-long history of division and heralding the start of a reunification era.

"In order to successfully hold the great national conference, the representatives of political parties and groupings and politicians in the North, the South and overseas should frequently hold bilateral and multilateral dialogues and contacts at different levels and launch a more vigorous fight to smash the anti- reunification confrontation rackets of the present South Korean ruler who seeks division.

"Today respected General Kim Chong-il, the great leader of the nation and the lodestar of national reunification, stands in the van of our revolution. Let us more courageously fight to accomplish the cause of reunification at an early date in the 1990s under his outstanding leadership."

Speeches were made by Mun Pyong-nok, vice-chairman of the Central Committee of the Korean Social Democratic Party; Choe Yong-hae, chairman of the Central Committee of the League of Socialist Working Youth of Korea; Kang Yong-sop, chairman of the Central Committee of the Christians Federation; and Ho Hyok-pil, vice-director of the Secretariat of the Committee for the Peaceful Reunification of the Fatherland.

They fully supported the proposal for holding a great national conference, jointly celebrating the 50th anniversary of national liberation and confirming the way of national reunification at the conference, and expressed the hope that the political parties of South Korea would respond to this new radical proposal.

The appeal adopted at the meeting calls for courageously fighting to jointly celebrate the 50th anniversary of the country's liberation, closely united under the common ideal of the nation- reunification and patriotism and hold a grand reunification festival of the nation to discuss and confirm the nation's common way of reunification.

It also calls on all the Koreans to vigorously march, full of confidence and optimism, toward the grand reunification festival of the nation celebrating the 50th anniversary of national liberation.

Present at the joint meeting were Yang Hyong-sop, alternate Politburo member of the Central Committee of the Workers' Party of Korea and chairman of the Supreme People's Assembly, representatives of political parties, public organisations and religious organisations and representatives of the North side headquarters of the National Alliance for the Country's Reunification and the National Alliance of Youth and Students for the Country's Reunification.

Meeting Adopts Letter of Appeal

SK2501035395 Pyongyang Korean Central Broadcasting Network in Korean 1056 GMT 24 Jan 95

["Letter of Appeal to Political Parties, Organizations, and Compatriots from Various Walks of Life in South Korea and Overseas" adopted at the joint meeting of

DPRK political parties and public organizations held at the People's Palace of Culture in Pyongyang on 24 January, read by Kim-To-yong—recorded]

[FBIS Translated Text] Political parties, organizations, and compatriotic brothers and sisters in South Korea and overseas:

Today, at the dawn of the hopeful age of reunification, we held a joint meeting of political parties and organizations of the Republic to open a new phase of the fatherland's reunification in 1995 with the strength of national unity.

The joint meeting discussed measures to open a new phase of the fatherland's reunification on the 50th anniversary of the fatherland's liberation. The meeting sends this letter of appeal to political parties, organizations, and compatriots from various walks of life in South Korea and overseas, with all the meeting participants' unanimous desire to make 15 August [National Liberation Day] a turning point for national reunification.

Our people will mark the 50th anniversary of the fatherland's liberation this year. It is a solemn resolution and firm will hardened by all fellow countrymen in the North, the South, and overseas at the very beginning of the nineties that they will decorate the 50th anniversary of the fatherland's liberation as a historic momentum for departing from the half century-long history of national division and for opening a new phase for the reunified fatherland.

In order to glorify 1995 as a historic year of creating the reunified fatherland, our people have stoutly carried out the grand nationwide march of reunification, overcoming differences in ideas, ideology, political opinion, and religion, and have devoted all their valuable things to it.

In the long course of the nationwide reunification march, last year our compatriots encountered the greatest sorrow of losing the great father of the nation who had devoted his whole life to achieving the fatherland's independence and the cause of the country's reunification. However, they have more vigorously carried out the patriotic struggle to achieve an early reunification in the nineties by converting this great pain of loss into multitudinous strength and courage.

On the road of this sacred struggle, our nation has more firmly united the ranks of reunification and smashed every maneuver to challenge reunification by divisionist forces at home and abroad, thus opening a phase favorable for reunification in the nineties.

Now our people have entered a new turning phase for creating the reunified fatherland. This year on 15 August, the 50th anniversary of the fatherland's liberation, will be a great watershed for creating the reunified fatherland.

Let us all, without distinction of the North, the South, or overseas, go toward reunification.

Out of this desire, the joint meeting of political parties and organizations of the Republic proposes courteously to political parties, organizations, and compatriots from various walks of life in South Korea and overseas that compatriots at home and abroad assemble at one place, Panmunjom, on 15 August of this meaningful year to hold grandiose nationwide celebrations on the 50th anniversary of the fatherland's liberation.

The grandiose nationwide celebrations on the 50th anniversary of the fatherland's liberation will be a historic scene in which all compatriots in the North, the South, and overseas can confirm they are fellow countrymen who cannot live apart, as well as a grand reunification festival of the people who are stepping toward reunification while reconciliating and uniting with one another.

At the same time, this joint meeting proposes that the North, the South, and overseas convene a great national conference at which representatives from political parties and groups and representatives from people of all strata participate in a significant festival meeting celebrating the 50th anniversary of national liberation and, there, discuss and decide the nation's common ways for national reunification.

If and when the nation's representatives decide the common ways for national reunification by pooling their will and wisdom, this will not only make it possible to direct the nation's zeal and strength for reunification toward one and the same goal, but will also make it possible for the all fellow countrymen in the North, the South, and overseas keep step together on the road toward reunification.

For our nation, a guarantee that can decide a most reasonable way for reunification is outstandingly provided. We have the formula of founding a reunified state through the confederal system, which is the best way to reunify the country without the North and the South devouring the other side or being devoured by the other side and without one side overwhelming the other side or being overwhelmed by the other side. We have the program for great unity of the whole nation with which all the fellow countrymen can achieve unity, transcending the differences in ideologies, ideals, and systems.

The great festival for reunification which the North-South meeting desires to hold jointly with the 50th anniversary of national liberation as an occasion is now vigorously calling all of the fellow countrymen to jointly participate in the struggle. Patriotism and reunification lie precisely in this sacred struggle of the entire nation.

Let all of us firmly unite with the nation's common ideal, that is, with the spirit of patriotism for national reunification, and jointly celebrate the 50th anniversary of national liberation, not discriminating between pro-North and pro-South, regardless of whether we are workers, farmers, students, intellectuals, businessmen, or religionists; and transcending the differences in ideologies, ideals, and advocacy of an ideology. Thus, let us vigorously struggle to jointly celebrate the 50th anniversary of national liberation, to hold a great national conference, and, thus, to hold a great national festival for reunification in which a formula for national reunification is to be decided.

As we sit side by side together at the great August festival of national liberation, the National Security Law should be abolished in South Korea. Let all of us in the North, the South, and overseas rise up as one in the nationwide struggle to abolish the National Security Law which regards fellow countrymen as enemies and which blocks the road of great national unity and reunification.

The reunification forces in the North, the South, and overseas are stronger than splittist forces. Let all of us sternly smash the fascist, treacherous, and antireunification acts by a handful of splittist forces.

The bright future of a reunified fatherland stands on the side of the patriotic reunification forces in the North, the South, and overseas.

Let all of us vigorously advance toward the pannational, great festival site celebrating the 50th anniversary of national liberation.

Long live national reunification. Long live the reunified Korean nation.

[Signed] Joint meeting of DPRK political parties and organizations
[Issued] 24 January, Pyongyang

Reunification Urged on Anniversary of Pomminnyon

SK2501044295 Pyongyang KCNA in English 0431 GMT 25 Jan 95

["Paper Calls for National Unity and Vigorous March Toward Reunification"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 25 (KCNA)—NODONG SINMUN today calls for actively joining in a grand march toward reunification in an article dedicated to the 4th anniversary of the formation of the North side headquarters of the National Alliance for the Country's Reunification (Pomminnyon) (January 25, 1991).

The author of the article says:

The joint secretariat of Pomminnyon defined this as "a year of grand march toward reunification," reflecting the unshakable faith and will of the 70 million Koreans to reunify the country at any cost with concerted efforts under the banner of "10-point programme of the great unity of the whole nation for the reunification of the country" published by the great leader Comrade Kim Il-song.

All the Koreans at home and abroad must join in the grand march toward reunification and open a decisive phase for national reunification this year.

If Pomminnyon is to decorate this as "a year of grand march toward reunification" it must step up the effort to make a breakthrough in progress toward reunification through confederation on the principles of independence, peaceful reunification and great national unity.

It is also important for the nation to jointly hold the grand reunification festival of August 15 in style.

If Pomminnyon is to face the vicious challenge of the separatist forces at home and abroad and promote national reunification, it must achieve the unity and cohesion of its ranks and strengthen solidarity between its organisations.

The organisations of Pomminnyon in the North and overseas must actively support as ever those related to Pomminnyon in the South and the reunification movement in their undaunted struggle to promote the formation of the South side headquarters of Pomminnyon in the teeth of harsh suppression and persecution by the separatists.

To strengthen Pomminnyon, an umbrella organisation of the reunification movement bodies and personages at home and abroad and the pivotal force of the reunification movement, is an essential guarantee for the accomplishment of the cause of national reunification.

To terminate the division of the nation and accomplish the cause of national reunification in the 1990s is the behest of the fatherly leader Comrade Kim Il-song and the unanimous desire of the 70 million Koreans.

The country will certainly be reunified in the 1990s thanks to the principles and programme of national reunification put forward by Comrade Kim Il-song, who is immortal in the heart of the Korean nation, the wise guidance of General Kim Chong-il, the great leader of the nation, and the united strength of the 70 million Koreans deeply revering him.

Paper Praises Kim Chong-il's 'Wise Leadership'

SK2501104695 Pyongyang KCNA in English 1038 GMT 25 Jan 95

["NODONG SINMUN on Comrade Kim Chong-il's Wise Leadership of Socialist Cause"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 25 (KCNA)—NODONG SINMUN today stresses that the socialist cause of chuche started by the great leader Comrade Kim Il-song is making a long drive along a straight road because the great leader Comrade Kim

Chong-il is leading the whole party and all people to victory in the van of the Korean revolution.

In an article titled "Respected Comrade Kim Chong-il Is Great Leader Who Leads Socialist Cause to Victory" the paper deals with the wise leadership of Comrade Kim Chong-il who is leading the socialist cause of chuche to victory.

The great leader Comrade Kim Il-song is quoted as saying:

"Comrade Kim Chong-il is wisely leading the revolution and construction with an extraordinary leadership ability."

The author of the article says:

Comrade Kim Chong-il's wise leadership is demonstrated in the fact that he has clearly indicated the path of the cause of socialism in our time, trained the party and the revolutionary ranks into a powerful driving force of the revolution and brought about great changes in the revolution and construction.

In his famous work "Socialism Is a Science" he consummated the idea of socialism as a science in an integral system.

This great work profoundly explains in a scientific and theoretical way that socialism is an idea of the people's need for independence and that as long as the masses of the people exist, socialism will advance victoriously forever.

In order to consolidate the strength of the driving force of the revolution, he put forward a unique chuche-oriented policy of modelling the whole party on the chuche idea and strengthened our party into an invincible force united on the basis of the chuche idea.

The sagacity of Comrade Kim Chong-il is powerfully demonstrated also in the fact that he is resolutely defending the cause of socialism in our time, frustrating the attacks and challenges of the imperialists and reactionaries.

The resolute fight of our party and people against the anti- socialist campaign of the imperialists is inconceivable without the iron will, matchless grit and revolutionary leadership of Comrade Kim Chong-il who leads them to defend the revolutionary principle and the idea of socialism in all spheres of social life.

Loyalty to the tested leadership of the great leader Comrade Kim Chong-il is the most important thing in victoriously advancing and accomplishing the cause of socialism in our time.

Our people will creditably accomplish the cause of Korean-style socialism under his leadership.

South Korea

Indefinite Extension of NPT Urged at UN Panel

SK2501050795 Seoul YONHAP in English 0452 GMT 25 Jan 95

[FBIS Transcribed Text] United Nations, Jan. 25 (YONHAP)—The South Korean Government formally supported an indefinite extension of the Nuclear Nonproliferation Treaty (NPT) during a preparatory meeting at the United Nations on Tuesday.

At the fourth session convened to discuss extending the NPT, chief South Korean delegate Cho Won-il reaffirmed Seoul's support for the treaty's indefinite extension while asserting that countries possessing nuclear weapons must abide strictly by the obligations provided for by Articles Four and Six.

Cho, who is deputy ambassador to the United Nations, favored an early conclusion of the Comprehensive Test Ban Treaty (CTBT) and a pact prohibiting nuclear fission, urging the UN Disarmament Committee to promote the accords' conclusion.

During the session, the United States also emphasized that the NPT must be extended indefinitely without conditions, placing top diplomatic priority on the issue.

Moreover, Russia came out in favor of the pact's indefinite extension.

But Nigeria, a nonaligned country standing against the Western nuclear powers, declared that the NPT should be extended on a limited basis instead of indefinitely.

Arab nations such as Libya and Syria demanded that Israel join the NPT in return for its extension. Iran and Egypt also urged the nuclear powers to meet their obligations including conclusion of the CTBT.

North Korea has previously objected to the treaty's indefinite extension, but during the meeting councillor Kim Chang-kuk did not mention his country's position, merely refuting remarks made by a French representative.

Representing the European Union (EU) at a session on Monday, France demanded that the NPT be extended without time limits and pointed out that Iraq and North Korea were threatening the present NPT system.

Meanwhile, China did not mention any support for extending the NPT and only said the process must go ahead without a hitch.

But China stated that it would continue carrying out nuclear tests while maintaining that the CTBT ought to be concluded after the year 1996.

The preparatory meeting will continue through Friday to determine the subjects and procedural rules to be referred to the plenary session of the full meeting running April 17 through May 12.

Meanwhile, chief U.S. delegate Thomas Graham told reporters that of the 169 NPT member countries, 68 support indefinite extension of the treaty—meaning that another 17 nations are needed to approve the extension in a majority vote.

Significance of Fuel Rods Storage Accord Reviewed

SK2501061295 Seoul KYONGHYANG SINMUN in Korean 25 Jan 95 p 5

[Report by Yi Pyong-kwang]

[FBIS Translated Text] At a North Korean and U.S. experts' meeting that ended on 23 January, North Korea agreed with the United States on a technical method for dry storage of the spent fuel rods removed from the five-megawatt experimental nuclear reactor in Yongbyon. This is assessed as a positive fact [kungjongjok sasil], which indicates the smooth implementation of the agreement on the nuclear issue.

During the Geneva negotiations in October 1994, North Korea expressed its intention to use the spent fuel rods as "security" [tambomul] to cope with an emergency. The North Korean-U.S. agreement on storage of the spent fuel rods, however, shows that North Korea has abandoned its intention to use the spent fuel rods as a playing card after the United States has taken steps to implement the Geneva agreement, such as providing North Korea with heavy oil and easing sanctions on North Korea.

At the same time, the United States was able to remove the troublesome question that North Korea may reprocess the spent fuel rods on its own volition.

Of course, North Korea's strategy has not yet been completely removed because the spent fuel rods will not entirely be transferred abroad until 2002 when the first light-water reactor is expected to be completed.

However, our government officials explain that unless the Geneva agreement is broken, North Korea is not likely to discharge and reprocess the spent fuel rods that will be stored in dry concrete, which is a complicated procedure.

It has been learned that Norman Wulf, assistant director of the Nonproliferation and Arms Control Bureau and chief U.S. delegate to the experts' meeting, has departed North Korea for the United States, leaving the U.S. nuclear technical team in Yongbyon, North Korea.

It was also learned that the International Atomic Energy Agency will send an advisory team to Yongbyon to help the U.S. technicians store the spent fuel rods in dry concrete.

They will handle the 8,010 spent fuel rods that are in a cooled water tank filled with boric acid at the experimental reactor in Yongbyon.

It is possible to produce about 40 kg of plutonium, enough to manufacture five or six nuclear warheads, by reprocessing those spent fuel rods in Yongbyon.

The spent fuel rods will be taken out of the cooled water tank and will be stored in dry concrete to prevent leakage of radioactive material. This seems simple, but complicated technical procedures are required because a spent fuel rod emits an enormous amount of radioactivity.

First, the technicians will take the spent fuel rods out of the water tank filled with boric acid one by one and seal each one, along with a gaseous substance, in a steel container specially designed and built to block radioactivity.

Next, they will store the sealed fuel rods in a second container built with special concrete that blocks radioactivity. This work will require from 5 to 10 million dollars.

The accomplishment of this work will reduce the possibility of corrosion of the spent fuel rods. Even if natural erosive action takes place in the container, the spent fuel rods can be stored safely at least until they are transferred abroad, because the concrete container would prevent radioactivity from leaking out.

U.S. Warned Against DPRK's Avoiding Talks

SK2501074995 Seoul CHUNGANG ILBO in Korean 25 Jan 95 p 3

[Editorial: "The 'Grand National Meeting' Is a Policy To Avoid Dialogue"]

[FBIS Translated Text] The U.S. Government has been saying that progress in South-North Korean dialogue will determine the success or failure of the DPRK-U.S. Geneva agreement and the improvement in DPRK-U.S. relations. Considering this, there was nothing new in the testimonies by the Secretary of State and the Secretary of Defense before the U.S. Senate Foreign Relations Committee hearing on 24 January.

The Republican Party, which is critical of the Clinton Administration's policy toward the North, took the initiative at the hearing. Thus, attention was focused on the close inquiries that were expected to be made on the problems and demerits of this matter. Nothing new was revealed in this aspect, but our attention is drawn to the fact that the person in charge of diplomatic affairs repeatedly confirmed the need for South-North dialogue. However, it is doubtful whether the United States can actually put this pledge into practice. U.S. Secretary of State Christopher's testimony regarding South-North dialogue is too optimistic and seems distanced from reality.

He said that it was possible to achieve agreement between the DPRK and the United States because North Korea had accepted the "conditions" for South-North dialogue. Actually reviewing the contents of the Geneva agreement, however, one can see that South-North dialogue is termed ambiguously. The contents of the agreement say: "The DPRK will progress with North-South dialogue in line with creating an atmosphere for promoting dialogue." No part of this expression can be regarded as setting a condition.

In reality, after signing the agreement, the North Korean delegate claimed that the DPRK-U.S. talks and South-North talks "cannot be viewed as being directly related." Ever since then, North Korea has been acting in accordance with that framework and principle as far as South-North dialogue is concerned. We predicted that if the situation necessitated holding South-North dialogue to comply with the requests of the United States, the North would go through the formalities. Unfortunately, our prediction turned out to be true when North Korea's Kim Yong-sun, chairman of the Reunification Policy Committee of the Supreme People's Assembly, proposed the "grand national meeting" on 24 January.

North Korea is avoiding talks between the responsible authorities of both sides. Instead, it is using the hackneyed tactics which it has used repeatedly over several decades, of propagandizing the proposal to hold South-North dialogue. We hope that the United States realizes this reality and thoroughly implements the principles it confirmed at the hearing.

Christopher's Remarks on N-S Dialogue Viewed

SK2501090495 Seoul CHUNGANG ILBO in Korean 25 Jan 95 p 6

[Article by reporter Kang Yong-chin]

[FBIS Translated Text] U.S. Secretary of State Christopher has emphasized South-North dialogue as an essential part of the implementation of the North Korea-U.S. agreement on the nuclear issue, thereby dealing a political blow to North Korea, which has maintained a policy of "disregarding South Korea."

The North Korea-U.S. agreement stipulates that a contract to supply the North with light-water reactors shall be concluded by 21 April. It also stipulates that before that date, North Korea shall freeze its nuclear-related activities; the United States shall supply North Korea with heavy oil; North Korea shall dispose of the spent fuel rods; the United States shall partially lift the ban on trade with North Korea; liaison offices shall be opened in North Korea and the United States; and South-North dialogue shall resume.

At the moment, all items except the resumption of South-North dialogue have been implemented, or relevant preparations for their implementation are steadily underway between North Korea and the United States.

In particular, with regard to the question of establishing liaison offices in North Korea and the United States, which is virtually linked with South-North dialogue, North Korea and the United States have already reached an agreement on all procedural matters necessary for the establishment of such offices. On 31 January, a U.S. delegation will visit Pyongyang to look for a location for its liaison office in North Korea.

However, North Korea has not shown any move at all in connection with the resumption of South-North dialogue; on the contrary, North Korea has intensified its denunciation of the South Korean authorities.

In view of the fact that all matters in the North Korea-U.S. agreement are intricately linked, North Korea's attitude is regarded as the largest obstacle obscuring the prospects for the smooth implementation of the nuclear agreement.

Secretary Christopher reflected on such worries when he stressed: "South-North Korean dialogue is an essential matter determining the ultimate success or failure of the nuclear agreement."

The ROK, which will play a central role in aiding North Korea's construction of light-water reactors, attaches the greatest importance to the resumption of South-North dialogue.

The United States cannot help but take into consideration the possibility that, in case South-North dialogue is not realized, the aiding of the North's construction of light-water reactors, which occupies the greatest portion in the implementation of the nuclear agreement, will come up against a snag.

This is because, in addition to the opening of liaison offices in North Korea and the United States before beginning the project to aid North Korea's construction of light-water reactors, a prerequisite is to secure institutional devices so that South Korean people and material, which will play a central role in constructing the light-water reactors, can travel to North Korea. However, North Korea has not shown any movement in this direction.

In this regard, Secretary Christopher emphasized: "We will continuously talk to North Korea to accept South-North dialogue." His remarks are construed as meaning that he tried to correct what is unsatisfactory in the process of implementing the nuclear agreement.

In addition, his remarks are also interpreted as trying to pacify the worries of conservatives, including Congressmen from the Republican Party, which became the majority party in Congress.

In the meanwhile, from 26 to 28 January Strobe Talbot, U.S. assistant secretary of state, will visit the ROK; a high-ranking ROK government official will also visit the United States early next month. During such visits, it is expected the ROK and the United States will focus on making an interim check of the implementation process of the nuclear agreement, the main point of which is South-North dialogue, and on discussing relevant countermeasures.

U.S. Ambassador Laney's View of North Analyzed

SK2501083395 Chongju CHUNGCHONG ILBO in Korean 24 Jan 94 p 4

[Article by Kim Hak-chun, doctor of political science and chairman of the Board of Trustees of Tanguk University, from the "Kim Hak-chun Column": "Ambassador Laney's View of North Korea"]

[FBIS Translated Text] The view of North Korea held by James Laney, U.S. ambassador to the ROK, has been introduced to the people, thereby attracting much public attention. In a talk with Hyon Hong-chu, former ROK ambassador to the United States, which was held as part of MBC Television's New Year's Feature Program, Laney made public what information he possessed about North Korea. Much of the information is worth mentioning.

First, what should be remembered is that Ambassador Laney is what we call a dove, or a person who prefers to hold negotiations with the North. He is a scholar and not a career diplomat, nor a career officer with the U.S. Central Intelligence Agency, several of whose officers have served as U.S. ambassadors to the ROK. He is also very close to former U.S. President Jimmy Carter, who emphasized the diplomacy of reconciliation. As his background might show, he maintains some distance from those who advocate the conservative line that gives priority to the logic of force.

I would like to raise one or two instances which show what kind of inclination Ambassador Laney has in connection with the North Korean question. First, I want to talk about former President Carter's visit to North Korea and his meeting with Kim Il-song. As we now vividly recall, last year, when tensions were heightened on the Korean peninsula over the North Korean nuclear issue, Carter went to Pyongyang as a special envoy of U.S. President Bill Clinton; he met with Kim Il-song, broaching and pushing an idea to hold a summit meeting between the South and North. Ambassador Laney was one of the proponents of such an idea.

Second, I would like to talk about the unprecedented measures which the U.S. Government took in connection with the situation on the Korean peninsula following Kim Il-song's death. At that time, the U.S. Government did not place the U.S. Forces in Korea on alert against the North; instead, the United States, through President Clinton's official announcement, affirmatively estimated Kim Il- song's efforts concerning negotiations over the North nuclear issue and expressed courteous [chongjunghan] condolences over Kim Il-song's death. Such measures would never have been taken by previous U.S. administrations.

These two instances well show Ambassador Laney's approach to the North Korean nuclear issue. He believes North Korea should not be irritated, and its pride should be respected as much as possible. He also thinks it is necessary to bring North Korea to the dialogue table by any means [ottoke haesodunji], and to solve issues through dialogue.

Just because Ambassador Laney attaches importance to the negotiations with North Korea, he should not be misunderstood as being sympathetic to North Korea's advocacy for the bilateral talks between North Korea and the United States. On several occasions, he has made his own views known that the issues concerning the Korean peninsula should be solved through serious dialogue between the South and North.

MBC Television's 20 January broadcast of the talk show with Ambassador Laney exactly reflected what the ambassador thinks in the ordinary times. During the show, while repeatedly emphasizing the importance of the South-North dialogue, Laney stressed the need to appease North Korea and lead it to open itself up. Television viewers must have fully sympathized with this. In this regard, I also agree with what he said.

I am going to stop writing about Ambassador Laney's political views. Now, I would like to think about the meaning of several pieces of information which he made public.

First, let me talk about his observation that "North Korea seems to have discarded the chuche idea, which it had stuck to with such a sense of pride." Ambassador Laney stated: "Although North Korea might not admit this, we can go so far as to say that the North has already given up everything to survive."

I fully agree with Ambassador Laney. At present, North Korea as a state seriously stands at the fork of a road of life and death.

What is clear in this connection is that as long as North Korea sticks to the almost superstitious chuche idea, it will never be able to depart from the road leading to death. In other words, if North Korea is to survive as a state, it should discard the doctrinism called the chuche idea, and adopt a rational and reasonable line. Accordingly, my own analysis is that North Korea, which has a correct grasp of its own present situation, is discarding the chuche idea.

Second, I would like to discuss the report which states that, according to a U.S. military officer who recently visited North Korea to achieve the release of a U.S. helicopter pilot, there is the possibility there may be another person besides Kim Chong-il who has the right to make decisions. I fully agree with this.

As I have written on several occasions, North Korea is now ruled by a collective leadership system centered around Kim Chong-il. Political scientists call such a system "a unipolar collective leadership system."

Obviously, Kim Chong-il stands at the top of North Korea's power hierarchy as the leader [suryong]. However, he is not Kim Il-song who grasped, decided on, and ruled everything. Therefore, Kim Chong-il now exists solely on the basis of the backing of several oligarchical rulers.

Ambassador Laney's view of North Korea and his grasp of the North Korean situation are generally solid and wholesome [konsilhada]. As the ambassador predicts, I believe North Korea will add spurs to its economic opening up.

New Envoy to U.S. Views North-South Ties

SK2501053095 Seoul YONHAP in English 0525 GMT 25 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 25 (YONHAP)—New South Korean Ambassador to the United States Pak Kon-u urged North Korea to give up the "illusion" that it can alienate Seoul from Washington and grow closer to the latter, reiterating that Pyongyang must attempt to resume inter-Korean dialogue to improve relations with Washington.

Meeting reporters before flying to Washington to assume his new post, Pak also said, "Seoul and Washington have no major trade disputes at the moment in consideration of the huge bilateral trade volume of 40 billion dollars, the sixth largest among Washington's trading partners in the world."

"What matters is the slight difference between the schedule for opening the Korean market and the schedule demanded by the United States. I don't think we are facing great pressure from the United States on trade issues because our government and industries have already reached a consensus on the opening of the domestic market and we are in the process of negotiating with the United States to narrow the difference."

The former vice foreign minister insisted that South Korea has the power to narrow its differences with the United States and make it understand Seoul's position.

On the proposed exchange of liaison offices between the United States and North Korea, Pak said the North must bear in mind that it is also necessary to improve relations with the South.

He was referring to remarks made recently by the U.S. secretaries of defense and state on the need to enhance inter-Korean relations.

Pak said he will embrace the North Koreans as if he were "an elder brother" once they establish a liaison office in Washington.

"We will have to set up a formula under which South and North Koreans can solve the problems surrounding the Korean peninsula on our own," he declared.

Commenting on fears that the North's opening of a liaison office in Washington will create pro-Pyongyang organizations of Korean residents in the United States, he expressed confidence this will not happen because most Korean-Americans believe in the value of a democratic, liberal system.

"A small portion of people may have opinions that differ from most Korean residents in the United States, but I will try to talk to them sincerely."

Deputy Ministerial Talks With North Proposed

SK2501063595 Seoul KBS-1 Radio Network in Korean 0600 GMT 25 Jan 95

[FBIS Translated Text] The government proposed today to the North that the South and North Korean authorities hold deputy ministerial level talks to discuss pending issues between South and North Korea, including the holding of joint celebrations on the upcoming National Liberation Day.

The government's proposal is a revision of North Korea's proposal of 24 January for a so-called great national joint meeting of political parties and organizations. Thus, North Korea's reaction to this will be watched with keen interest.

Through a statement by Song Yong-tae, deputy minister of the National Unification Board, the government noted that the great national meeting proposed by North Korea is of no help in practically improving South-North relations and instead, proposed holding deputy ministerial level talks, welcoming North Korea's proposal for joint celebrations on the 50th anniversary of national liberation.

Regarding the date of the deputy ministerial talks, Deputy Minister Song Yong-tae said the earlier, the better, and that North Korea can decide on the date and place for the talks.

Proposal: 'Realistic', 'Reasonable'

SK2501080895 Seoul YONHAP in English 0800 GMT 25 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 25 (YONHAP)—South Korea proposed Wednesday [25 January] that inter-Korean vice ministers' talks be held at an early date to discuss pending issues.

Welcoming Pyongyang's proposal Tuesday for a joint celebration of the 50th anniversary of Korea's liberation from Japanese colonial rule, the government said the celebration could be included in the agenda of the vice minister-level talks.

Seoul called on Pyongyang to designate three delegates headed by a vice minister-level government official for the proposed talks.

In a statement issued in the name of Vice Unification Minister Song Yong-tae, the government said, "The sooner the vice minister-level talks are held, the better. The North may inform us of specific dates and venue for the talks."

An in-depth discussion of the Pyongyang-proposed joint commemoration of the 50th anniversary of national liberation such as the type of events, scope of attendance, timing and venue could be taken up at the meeting of officials, Song said.

Song then expressed hope that North Korea will respond to the proposal with sincerity.

"Events jointly marking the 50th anniversary of the nation's liberation, it is expected, will be significant in confirming the nation's determination in line with the demands of the nation's history. To this end, the 70 million brethren of the nation should be allowed to participate in the events and commemorate the anniversary through their representatives," he stated.

"This year, the 50th anniversary of the nation's liberation, must usher in a new era of peace and unification putting an end to that of confrontation and animosity," he said.

Song called the proposal "realistic and reasonable" in meeting national aspirations for "an epoch-making improvement in inter- Korean relations."

Explaining the background behind the proposal, he said the most urgent matter now is implementation of the basic South-North agreement concluded in 1992.

"If and when the vice ministerial-level talks are held, it is desirable to have a concentrated discussion on the issue of implementing the basic agreement as well as that of jointly sponsoring events celebrating the 50th anniversary of Korea's liberation," Song said.

Government 'Poised To Refuse' Conference Proposal

SK2501013895 Seoul YONHAP in English 0134 GMT 25 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 25 (YONHAP)—The South Korean Government is poised to refuse North Korea's proposal on Tuesday to hold a "grand national conference" on the occasion of the 50th anniversary of national independence, a government official here said Wednesday.

The government sees the latest proposal as part of Pyongyang's counter-South propagandistic tactics which "only reiterates their traditional position and fails to offer any forward-looking initiatives," the official said.

"We might be embroiled in the North's counter-South propagandistic offensive should we respond in a wrong way at the slightest slip," he said.

"The proposal lacks substance and is not worth considering, because North Korea made it as part of its bid to solve its internal problems," another official said.

Pyongyang had proposed that the two Koreas and overseas Koreans hold a "grand national conference" around Aug. 15 this year to mark the 50th anniversary of national liberation.

NAEWOE Press, the official North Korea watcher here, quoted the central broadcasting station as saying that Kim Yong-sun, chairman of the Reunification Policy Committee of the Supreme People's Assembly, made the proposal in a report to a joint working party-group conference.

He was quoted as calling for a grand national conference to discuss and decide ways to unify South and North Korea.

Kim said North Korea will always welcome Koreans from the South and overseas who wish to visit the North. Pyongyang is also willing to discuss the issue of unification with all parties, groups, and individuals from South Korea and overseas, Kim added.

Minister: DPRK Offer Not To Improve Ties

SK2501074295 Seoul YONHAP in English 0738 GMT 25 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 25 (YONHAP)—The South Korean Government has turned down North Korea's offer to hold "a grand national meeting of the Korean people" in August to celebrate the 50th anniversary of national liberation from Japanese rule.

Vice National Unification Minister Song Yong-tae said Wednesday [25 January] that Pyongyang's proposal Tuesday to stage a grand national meeting would not help improve inter-Korean ties.

If the North Koreans really wished to improve their relations with the South for reconciliation and cooperation, they would have called for dialogue between responsible government officials, in lieu of a mass rally-like grand national meeting, he remarked.

The government has decided to reject the proposal in the judgment that it is part of the North's unification front tactics, he explained.

But he said Seoul has decided to accept that part of the proposal which calls for a joint South-North celebration of the 50th anniversary of national liberation.

North's 'Grand National Meeting' Proposal Viewed

SK2501040795 Seoul TONG-A ILBO in Korean 25 Jan 95 p 2

[Article by Pak Che-kyun]

[FBIS Translated Text] The 24 January proposal by North Korea's Kim Yong-sun for holding a "grand national meeting" has many elements that are worth scrutinizing. First is the fact that the person who made such a proposal is secretary of the Workers' Party of Korea in charge of policies on the South and chairman of the Reunification Policy Deliberation Committee of the Supreme People's Assembly.

It has been learned that Chairman Kim, who has been playing the role of guardian for party Secretary Kim Chong-il since Kim Il-song's death, is the one with real power in North Korea. Therefore, Kim Yong-sun's proposal can be viewed as important as it reflects this year's North Korean policy toward the South.

This is not the first time North Korea has proposed the holding of the grand national meeting. Last year, proposals for holding such a meeting were made intermittently through broadcasts from North Korea. Proposals were not made, however, by a figure of such importance.

Moreover, since late last year no proposals for holding the grand national meeting have been made. Rather, North Korea was heated in making slanderous remarks against the South, including President Kim Yong-sam. Now, for the first time this year, North Korea has made a proposal to hold the grand national meeting through the mouth of the one with real power.

Experts diagnose that this year North Korea is scheming to throw the South into confusion by putting forth the proposal for holding the "grand national meeting." In particular, since this year is the 50th anniversary of liberation and the 50th year of division, North Korea is aware of the fact that a heated atmosphere for reunification will be stronger than ever before. Therefore, a decision on the reunification method is being emphasized at the grand national meeting.

Of course it is clear that the government will turn down North Korea's proposal for holding the grand national meeting by branding it as "a typical reunification front strategy." North Korea is showing appeasement gestures toward Western countries, such as rapidly approaching the United States and holding the April "Pyongyang International Cultural Festival." However, since North Korea is consistently carrying out the reunification front strategy against the South, the ROK Government is worried that it will be difficult to find an ingenious plan to resume dialogue with North Korea.

North Reiterates Demand for Condolence Apology

SK2501000395 Seoul YONHAP in English 2354 GMT 24 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 25 (YONHAP)—North Korea has again asserted that if inter-Korean dialogue is to resume, the South must apologize for banning expressions of condolence over the death of Kim Il-song.

Pyongyang reiterated the demand to former U.S. Ambassador to Seoul James Lilley, who visited the North for a week from Jan. 16, the YOMIURI SHIMBUN reported Thursday in a Washington dispatch quoting Lilley.

The former envoy visited the North together with three other Americans including Prof. Kim Yong-chin of Georgetown University, a Korean affairs specialist.

While in Pyongyang, Lilley had a series of meetings with Kim Yong-sun, a secretary of the ruling Workers' Party in charge of international affairs and a confidant of Kim Chong-il, and Foreign Minister Kim Yong-nam.

In the talks Lilley reportedly called for transparency in the North's nuclear program and a resumption of South-North dialogue. In response, the North Koreans said they would allow inspections of their nuclear facilities under the framework agreement concluded with the United States last year and freeze their nuclear program, according to the daily.

Reporter on DPRK After Kim Il-song's Death

Explains Clandestine Entry

SK2201235995 Seoul CHUNGANG ILBO in Korean 3 Jan 95 p 4

[First of 10 installments of report by Yi Chan-sam, senior editor at CHUNGANG ILBO Chicago Branch, on his secret travel in North Korea after Kim Il-song's death]

[FBIS Translated Text]

The Course of Collecting News

Indeed, to me North Korea is distant and faraway.

I went to North Korea to gather news for the second time in August 1990, one year and seven months after my first visit in December 1988—also to gather news. After a long, four-year empty period, I succeeded in "peeping into North Korea" for the third and fourth time in September and December 1994.

The third and fourth visits to North Korea to collect news were made without official permission from North Korean authorities, by adopting such expedient measures as entering "without a visa" and using a disguise. Thus, I felt that this trip was more difficult.

I was able to sense personally the atmosphere in North Korea after Kim Il-song's death without being watched, and to witness the life of ordinary people, who are leading common lives deep within North Korean society. Thus, I found comfort in this.

The Third Trip To Collect News (early September)

Since I reported on "the first pannational rally" in August 1990, I maintained almost weekly telephone contact with North Korean authorities. I requested permission to visit North Korea; however, each request was denied.

The reason for refusal was that "in my book, 'Correspondent in Pyongyang,' I spoke ill of Kim Il-song and Kim Chong-il."

In an attempt to realize my visit I even mobilized so-called pro-North Korean figures, but I received a "negative" response after each request.

I recalled the proverb: "Knock on a door and it will open."

Finally, prompted by the idea of a certain Korean resident in the United States, I realized the opportunity to visit North Korea by using the potable water development project in North Korea.

I learned that a certain Korean resident in New York signed a contract with North Korea for the potable water development project, but failed to undertake the project due to a shortage of funds. Thus, North Korea was seeking a second investor.

Learning this, I submitted an investment plan for the potable water development project with my L&S Company [preceding word in English] business card.

Everything advanced smoothly. I was notified to meet relevant North Korean officials in Beijing on 27 August.

"What is the amount of your investment?"

"I estimate it to be from $3 to 4 million."

As I was well aware of the North Korean situation, I proposed an amount that would comply with the demand of the North Korean side.

After an hour of negotiations, my plan to visit North Korea progressed rapidly. As South Korean enterprises were competing fiercely to import North Korean water, I had already reached an agreement with a South Korean enterprise for this project.

There was a problem, however, with the time needed to receive a visa. About 45 days were needed for screening by the North Korean department of the united front [tongil chonsonbu], the Foreign Ministry, and security department.

North Korean officials also seemed to want to expedite the project. They told me they would arrange my visit to Pyongyang within a week, and asked me to wait in Beijing. They said they would push for a secret entry without a visa as my travel would be limited to the potable water project site.

This was indeed fortunate because my status as a troublesome "peculiar reporter" from South Korea would be exposed if I had to go through official channels, bringing the plan to failure.

I waited anxiously in Beijing for nine days, until I entered North Korea on 6 September, Tuesday, by North Korea's Koryo Airline. At this time, however, a problem developed. I learned that a HANGYORE SINMUN reporter was also on the same airplane.

Although we would not identify each other, there was a great possibility that our status would be easily revealed. Thus, I had to work out an ingenious plan. I boarded first and tried to conceal myself as much as possible. Competition among reporters in our country is indeed fierce, resulting in two ROK reporters boarding the same airplane heading for Pyongyang on the same day. I was in agony.

There was no particular problem, however, when I arrived at Sunan airport in Pyongyang. The officials whom I met in Beijing promised to meet me at the airport, but they did not show up, and as a result, I had to wait fretfully in the airplane for a long time.

As I had no entry visa, I was embarrassed and did not know what to do.

It was 20 minutes after all the other passengers deplaned, that a sedan with tinted windows appeared at the ramp.

The car quietly passed through the side gate of Sunan airport and entered a special zone guarded by armed soldiers.

I felt as if I were confined in a secret room in a special building.

"They might have induced me intentionally, knowing that I am a reporter."

"Are there any means for escape, if my guess is right?" Thus, various ill-omened assumptions lingered in my mind. The first day of my third visit to North Korea began with such assumptions.

The Fourth Trip To Collect News (early December)

It was on 20 October that I visited Beijing again.

I went there with three businessmen from our country.

Although I disguised myself as a businessman for the purpose of gathering information on North Korea, I also had a keen sense of responsibility to achieve the project North Korea was ardently pursuing.

The three businessmen and I agreed to sign a tentative contract for the potable water development project. Later, I would go to Pyongyang alone as the representative to sign the formal contract.

This notwithstanding, three days after I arrived in Beijing, all the plans collapsed.

Trouble developed with the fax messages through which we communicated. As a result, the appointment to contact North Korean officials on 22 October in Beijing was not realized.

Finding no other available means, the businessmen all returned home on 24 October, and I remained in Beijing alone to seek other alternatives.

I attempted to utilize all the available channels I used to realize my first visit to North Korea to collect news in 1986.

The possibility of a South Korean reporter's visiting North Korea, however, remained almost "zero."

After dispatching a message to the North Korean side that I would return to Seoul, I went to Yanbian. Thus, I chose a solitary struggle.

During my three visits to North Korea, I really wanted to have personal contact with civilians without being watched by a North Korean guide (guard).

I temporarily employed three Koreans living in Yanbian and sent one to Chongjin, North Hamgyong Province; and the other to Pyongyang, with a view to examine the possibility of sending an investment delegation to the Najin-Sonbong district.

I had the remaining person contact North Korean trade officials in a bid to push ahead with a visit of the businessmen, with whom I went to Beijing, to North Korea to discuss issues concerning export of granite and marine products and processing of clothes on commission, which are their main business lines.

All this was possible only by those with Chinese nationality.

I learned of three possible ways to obtain Chinese nationality.

One, get a completely fake identification card in Dairen; second, find an actual Chinese with a similar appearances to me; and third, make a temporary identification card.

Even if the identification card problem were resolved, we needed to practice Chinese, which may be required during customs clearance.

Even if our visit were realized, those who helped us would be reproved if our visit were revealed by any media, thus causing serious problems.

To make matters worse, customs clearance on the Chinese side became stricter since the defection of North Korean Premier Kang's son-in-law.

There were rumors that since North Koreans escaped in succession following the incident of Premier Kang's son-in-law, many North Korean special agents were deployed in and around Yanbian railway station.

While I was making efforts to enter North Korea in the Yanbian area, I met with many Korean peddlers and smugglers who deal with North Korea. They kindly provided me with various excellent ideas to help my travel to North Korea. Their ideas were indeed helpful.

As I learned that visiting North Korea as a Korean peddler is relatively easy, I made frequent trips to Fengcheng, Tumen, Helong, and Linjiang, in an attempt to find a person with whom I could cross the border. As the result, I was introduced to "Ran's mother" who was in her early thirties.

I promised to pay due compensation to her in the event that my visit to North Korea with her as companion were successful. She thought that I was a businessman engaged in trade.

Koreans living in China call their wives "comrade lover" and their husbands "Mr. Traveler."

"Ran's mother" became my temporary "comrade lover" and I became her temporary "Mr. Traveler." Thus, we began the necessary procedures and other preparations.

We practiced the procedures for Chinese customs clearance; studied Chinese briefly, and memorized the family background to prepare for the North Korean customs clearance and political screening. I also made efforts to correct my South Korean dialect.

I was trained by "Ran's father" on general ways of life and action as head of an ethnic Korean family in China.

I purchased materials and goods to sell in North Korea, and prepared myself as "Mr. Traveler" with Chinese-made clothes, underwear, and shoes. Nevertheless, "Ran's parents" were worried about my facial expression and South Korean look.

I tried in vain to make my facial skin rough by using laundry soap. Therefore, I did not wash my face nor shave for three and four days, thus resulting somewhat in the desired effect. I even took off my glasses.

One day in early December—"Ni chis chiqi chaoxian? (How many times have you visited Korea?)"

"Di yici. (First time)"

"Ni tsu narde ren? (Your address?)"

"Wo tsu x x (I live in x x)"

"Ni dao nar? (What is your destination?)"

"Wo dao x x (It is x x)"

As a result of my rehearsals, I narrowly passed the Chinese side's interrogation.

However, on the North Korean side, even the expression in the eyes of the North Korean officials was different. It seemed, though, that they paid more attention to discovering smuggled commodities than doubting people.

Although it was the first time for a South Korean reporter to clandestinely enter North Korea through the Chinese border, there were instances in which two ROK curio dealers and a few ROK pastors entered North Korea in this way early last October. Therefore, Koreans in Yanbian said that going to North Korea was not as difficult as people think.

Officials in the border office on the North Korean side seemed to pay keen attention to preventing North Korean residents from defecting disguised as peddlers.

I did not send a word about my activities in North Korea to the newspaper and to my family for nearly two months in fear of the possibility of being exposed by the media.

I learned after I returned to Seoul that my colleagues and family were extremely worried about my safety, assuming that I was detained in North Korea, that I had disappeared, or that I had even been killed.

My fourth visit to North Korea was successful. However, my trip was accompanied by the danger of being detained scores of years, labeled as a spy, in the event that I was exposed.

North Korea, whose cold temperatures can go down as low as minus 20 degrees Centigrade, was indeed a frozen land in every aspect.

Witnesses Food Shortage in North

SK2301002295 Seoul CHUNGANG ILBO in Korean 4 Jan 95 pp 1, 3

[Second of 10 installments of report by Yi Chan-sam, senior editor at CHUNGANG ILBO Chicago Branch, on his secret travel in North Korea after Kim Il-song's death]

[FBIS Translated Text] No single North Korean resident was aware that 1995 is the year of the boar.

No ordinary North Koreans, except for the elderly, know their zodiac signs. Nor did they have concrete hope for the new year. Their common hope was to eat rice and meat soup to their hearts content.

The diet of North Korean residents is beyond the description of "starvation." Before I visited North Korea, I thought testimonies from North Korean defectors were exaggerated. When I was invited to dinner by the brother of my "comrade lover" [woman masquerading as the reporter's wife], however, I realized that the defectors' narratives of their personal experiences were true. The only foods for the dinner were corn rice, kimchi, and bean-paste soup. The corn rice, the main dish, was too rough to swallow, and the kimchi was made of only cabbage, salt, and a measurable amount—approximately 20 to 30 pinches—of powdered red pepper. The soup was made of a few pieces of potato, some cabbage, salt, and some bean paste, without other seasonings, such as garlic and sesame oil, so it was too unsavory to swallow. However, a child, 11, sitting at the table with us finished his dinner—the same amount as an adult—in an instant.

It looked as if North Korean children had not eaten even a single drop of oil all year. They were suffering from malnutrition. They had big stomachs like tadpoles and their legs were bowed. How many ROK people would believe that even such a meal as described above—corn rice, salty kimchi, and cabbage soup—is not always available for North Korean residents?

With some exceptions, North Koreans could only draw from 50 to 70 percent of their food rations last year, and from 30 to 50 percent in 1993. I could not bear to listen to North Korean residents' narratives of their personal experiences in the "war of obtaining food."

Korean peddlers in Yanbian who frequently visit North Korea to sell wares they carry on their backs, created the joke that "if you want to lose weight, visit North Korea."

I heard that a woman had lost 1.8 kg, and another woman had lost 6 kg.

Ethnic Koreans living in Yanbian who visit their relatives in North Korea and witness their diet usually give them food, such as white rice and rice cakes, which they carry themselves. Hearing that many old people have starved to death while their family members were trying to obtain food and that an increasing number of parents and children have committed suicide together by taking rat poison, I confirm that North Koreans are suffering from a famine.

Everyone on the train I took carried a sack. Even in Pyongyang, trains were crowded with people carrying sacks filled apparently with acorns, fruit, and corn.

Only those who have travel passes can travel by train, but I saw many boys aged 15 to 18 climbing up to the roof of the train or jumping out of uncovered windows to avoid security personnel (policemen). The windows of the train were covered with vinyl or board. Most of doorways of the train did not have doors or the doors were broken.

Because of widespread theft due to the food shortage, people on the train folded their sacks in their arms or hid them under their legs.

Many people wore cloth foot wraps, instead of shoes, because of a shortage of daily necessities.

Koreans living in China enter rooms in North Korea with their shoes in their hands because many of them have had their shoes stolen.

Many neighbors, including children, gathered at a house during a visit from a Korean peddler living in China. The peddler was happy with the hope of unexpectedly earning a lot of money. However, the housewife only bought two pieces of candy out of courtesy.

When I visited Mt. Kumgang, where few foreigners are seen due to the swell of the nuclear issue, I met hundreds of North Koreans in modest clothes who were participating in the "battle of picking acorns" on a mountain road to Kuryongnyon.

Their clothes were soaked with sweat, and the sacks on their backs were filled with acorns. None of them wore smiles.

I asked a young man who seemed to be in his twenties:

"It is a hard job, is it not?"

"......"

Without answering my question, his expression seemed to be saying: "It is none of your business."

I also talked to an old woman who seemed to be in her late sixties:

"Why have you picked all these acorns?"

"This work will earn foreign currency. Foreigners are said to brew liquor with acorns."

"How many kilograms of acorns do you think are in your sack?"

"30 kg!"

As I saw her panting for breath, I thought it would be a sin to ask her more questions.

Strangely, women's sacks were filled with 30 kg of acorns while their 17 or 18-year old children's sacks were loose with one- or two-thirds of the amount of acorns in their mothers' sacks. That is, mothers were sharing their children's burdens. Although they were living difficult and painful lives, their maternal affection was alive.

The exhausted acorn pickers were going down the dark mountain road in a line after the sun set. They were not chatting and only the sound of the people's breathing was heard.

All of a sudden, I felt sorry and shameful, remembering that "they maintain their physical strength only with a spoonful of corn rice, even after doing such hard labor."

Describes Typical Household

SK2301060295 Seoul CHUNGANG ILBO in Korean 5 Jan 95 p 4

[Third of 10 installments of a report by Yi Chan-sam, senior editor at CHUNGANG ILBO's Chicago Branch, on his secret travel in North Korea after Kim Il-song's death]

[FBIS Translated Text] Since North Korean people are always hungry, most of their conversation focuses on "eating topics." However, the interiors of houses were well organized and the ondol [Korean under-the-floor heating system] room was always warm.

The kitchen door was also used as the front door, which is the case of our country's adobe huts in the countryside. The pantry chest and the lid of the iron pot were well-polished.

Three small and large-sized black, cast-iron pots were placed on the kitchen's fireplace. It seemed that preparations had been made to cook if they had only had the provisions.

Pots and pans, kettles, and spoons were well organized in the pantry chest which played the role of a display window.

It was normal for one large room to be divided into two so that one can be used by the parents and the other by the children. Out-of-season, tattered clothes were hung in the dresser, and just like in our country, blankets were stacked up neatly and were laid on top of the pillows in the blanket cabinet.

The room was papered up to the ceiling with various kinds of patterns. Instead of family photographs, photographs of Kim Il-song or Kim Il-song and his son were hung on the wall without fail. Just as in our homes, landscape photographs cut out from books of paintings and pictures of actors and actresses were pasted on the dressers.

A beautifully embroidered large-sized cloth covered the everyday clothes which were hung very neatly on the wall. The varnished floors covered with laminated paper were patched, and the gap between the walls and floors were filled up with paper to prevent smoke from leaking. This was similar to our situation in the past.

Regardless of whether they were ordinary adobe huts or apartments, the rooms were heated using coal and firewood in the kitchen's fireplace. Cotton was rare and I do not know what they put inside the blankets, but they were so heavy it was hard for me to sleep because of the weight.

The voltage was very low so the incandescent electric lamp had about 20 watts of power. Therefore, a dim atmosphere was created just as if a candle had been lighted, and sometimes it became very dark because neighbors used electric cookers and electric irons secretly. This is because repatriated families who have relatives from the pro-Pyongyang Federation of Korean Residents in Japan, families who received money from relatives in the United States, and families who have relatives in China secretly purchased these electric appliances.

The three "special class" groups were very different compared with other people, not only as far as the household appliances they owned but also the type of diet they had. In the case of a family with relatives in the United States, in the past they were branded as families who came from the South; always felt ill at ease; and were classified as reactionary groups, but now they are talking rather boastfully. In some cases there are families who move to the "dream land" Pyongyang, called the "flower city," by giving large amounts of bribes.

While the whole family listens to songs over the radio praising Kim Chong-il after returning from school and work, the North Korean people "enjoy the happiness of living in 'paradise.'" Sometimes there are incidents that strain their "happiness" even though they are accustomed to war exercises. These start at the sound of a siren at around 0300.

After putting out the lights by covering the windows with cement sacks, the adults left the guest who came from a foreign land and the children at home and they marched somewhere. With the death of Kim Il-song and news of contacts with the United States, air raid exercises have been carried out less frequently. Therefore, in contrast to the past, when there was an atmosphere of terror, these days they march slowly as though they were doing morning exercises.

As was the case of housewives in Pyongyang, the "flower city," ordinary housewives from the inland woke up at around 0530 to make breakfast—which took about two hours—by putting coals on the fire or using portable oil stoves.

A lot of time is consumed in giving boiled corn enough time to get well-steamed. The housewife of the home I stayed at said this is because, in the case of portable oil stoves, it is boiled under low heat.

Our country's older generation, who used to put coals on the fire to heat school classrooms, remember that it took a long time to kindle the coal to make a fire.

Matches are also rare so they regard them as very valuable.

They use gasoline in the oil stoves instead of petroleum, thus there is a lot of soot and the smell is terrible. Of course, gasoline is also pilfered from trucks.

Breakfast consisting of corn rice, kimchi, and bean paste soup was given to me at 0725. I could not eat it at all so, after a few scoops, I set down my spoon. Rather than asking me to eat more of the food, the housewife where I was staying took the food away and seemed happy that I did not eat much. I believe it was an inevitable behavior for a housewife who has followed the movement to eat only two meals a day.

The whole family was in a party atmosphere because for dinner, soup was made from two kg of pork bought at the market by the couple at whose home this reporter was staying. So much water was poured into the large iron pot used for cooking the pork porridge, that I believe we could have eaten that soup for about a month.

There is no place for the parents to go after they send their children to school.

Since it was winter, the farmer's leisure season, the husband stayed at home and read books on the chuche idea as if it were the Bible, and the wife had nothing to do because her workplace, a plant, had closed down. The plant could not operate due to lack of oil. Moreover, the plant was shutdown because there is no work to do.

Since they receive only 17 won, which is one third the "wage" because they do not work, they barely manage to live. It was a sight I could not bear to see.

Thus, it seems that visitors who go to North Korea tend to cry more than North Koreans themselves.

Views Role of Women

SK2301100195 Seoul CHUNGANG ILBO in Korean 7 Jan 95 p 4

[Fourth of 10 installments of a report by Yi Chan-sam, senior editor at CHUNGANG ILBO's Chicago Branch, on his secret travel in North Korea after Kim Il-song's death]

[FBIS Translated Text] The North Koreans said the year in which they went hungry most was 1993, for it was a bad year; it was common to see elders and children everywhere falling from hunger. The lady of the house where I stayed recalled that time, saying: "We filled our stomachs with corn just once a day, and thus we felt that 'bread was mightier than rifles.' We felt like killing the American bastards and the South Korean puppet clique."

The North Koreans did not believe their hunger was caused by the North Korean rulers' corruption and misrule. Rather, they thought it was caused by these "two bastards" who have been attempting to isolate them.

The lady added: "The situation is a little better in the border regions because Koreans residing in the PRC frequent there. More people must have starved to death in the inland area."

The lady tried not to cry, adding: "I shed tears when I see my family members feebly dying of hunger."

She continued: "In the past, we received such gifts as one kg of pork, fruit, and candies on New Year's day and on the birthdays of the leader [suryong] and the dear comrade leader. However, in recent years we have received only a piece of bean curd on these occasions because the country's economy is suffering due to war preparations."

When I told her "Western countries believe the hunger of the North Koreans is a result of the excessive idolization of the leader [suryong—Kim Il-song] and the leader [chidoja—Kim Chong-il]," she showed a different reaction, saying: "You mean other countries are aware of our situation? The world is said to envy our country...."

She stopped, saying that if we reported our conversation with her after we returned to the PRC, not only she but also the families of her second generation, and even her third cousins, would be punished.

She added: Party cadres must tell Kim Il-song and Kim Chong-il that "the people live happily without envy" when they give on-the-spot guidance to provinces. This must have led the two Kims to be unable to grasp the real situation facing the North Korean people today.

This reporter could not sleep that night thinking about how South Koreans should help the North Koreans, who claim that these days when they can afford to eat two meals a day are happier than when they could eat only one meal a day.

Children went to school carrying book bags of different colors. Most wore neither socks nor shoes. Nevertheless, they went to school singing the following song: "Who created the name 'mother?' We call mother the symbol of love forever. Though people are asleep and it is late in the night, the mother's love touches our hearts. Oh, the heart of our party and the dear leader is greater than the mother's love."

Despite these circumstances, young people in North Korea fall in love and secretly date. A young woman in her twenties, whom I came upon in a rural market with her eight-month-old baby, said she was in love with an enlisted man from a Korean People's Army unit stationed near her village and, had married him. According to her, she met the soldier while he was mobilized on a nearby road construction project. She soon fell in love with him. Afterward, she secretly met the soldier at night in a corn field, exchanging their ardent love.

She revealed that her mother often shadowed her to the corn field, trying to discourage her not to fall in love with the soldier, saying: "If that soldier leaves you suddenly, then you will be in a sad situation." She added that "their love affair was thrilling" and that she was proud to be the wife of that soldier.

I could not continue the conversation any longer, and had to leave the rural market against my will, because anyone found conversing with Koreans in the market place was to be arrested by security agents.

The faces of the North Korean women, particularly unmarried young women, are free of oil and look lean. Even after applying make-up, their faces remain dry, as if powdered with wheat flour. However, their hair is an exception, for it was well-groomed. Korean women spend a lot of time trimming their hair. The hair style most middle-aged women sported was permanents.

Referring to television programs broadcast from the PRC for Koreans residing in Yanpian, middle-aged North Korean women told this reporter that "the television broadcast is indeed weird."

When my bogus wife, "Comrade sweetheart," criticized North Korean television for idolizing the two Kims, the middle-aged North Korean women said "it is the same with PRC television."

The following is the conversation between my bogus wife and the middle-aged North Korean women:

"Why do North Korean television programs talk so much about the leader [chidoja—Kim Chong-il]?"

"Is not Chinese television the same way?"

"Why do you say that?"

"They repeat advertisements for the same goods again and again every day."

It seemed the middle-aged North Korean women did not understand that the television broadcast for Koreans residing in Yanpian was aired repeatedly to advertise goods.

Despite their poverty, the North Korean people were often insulted and beaten by public security officers and intelligence agents. Their human rights were inconceivable.

These security and intelligence officials insulted people, and often beat and kicked them. North Koreans tremble with fear.

In particular, their outrages on women were serious; young security and intelligence officials in their twenties and thirties often beat old women in their sixties, in addition to insulting them.

Describes North's Economy

SK2301064895 Seoul CHUNGANG ILBO in Korean 8 Jan 95 p 4

[Fifth of 10 installments of a report by Yi Chan-sam, senior editor of CHUNGANG ILBO's Chicago Branch, on his secret travel in North Korea after Kim Il-song's death]

[FBIS Translated Text] Bracken, chickens, rabbits, pumpkin seeds, medicinal products, onions, and garlic are commonly sold in North Korea's "market place". However, forbidden products, such as rice, pine nuts, chestnuts, fish products, and industrial goods (spoons and scissors), are also exchanged on the black market.

Usually, goods are paid for in cash, however, bartering takes place frequently. Forbidden goods are usually more expensive; a dog costs about 800 won, a salted mackerel costs 30 won, and a flatfish costs 50 won. An ordinary worker, who earns 50 to 60 won a month, is never able to try fish.

Rabbits and chickens that are displayed in the market place are carefully watched by their owners because children steal them in the wink of an eye. Pigs that are reared under the party's direction are kept in locked underground bunkers. They said that this is because of the smell, however, it seems that it is to prevent burglaries.

As mentioned earlier, theft committed by North Korean boys is a big headache for North Korea. Security agents (police) do not even know how to handle this matter, and even if residents caught boys stealing and handed them over to security agents, the agents, on the contrary, would often get angry and shout "They committed burglary out of hunger. Why don't you just forgive them?"

One day, an 18-year-old boy who lived downstairs fled to our house with his face a mass of bleeding flesh. He said that he was caught and "beaten to death" while stealing coal in the night.

Also, a woman in her fifties stole a pig that was owned by the party and made a soup with the pig, which had asphyxiated under her bed linens. A neighbor, however, smelled the pork soup and reported this to the Ministry of Public Security. She was beaten to death, dying of intestinal injuries. However, no one dares confront security agents because residents are afraid of retaliation and of being labelled as "reactionary." Once they were named "reactionary," they would be sent to a concentration camp and their family would be exiled in a mud hut on a steep mountain slope where they would have to live by themselves without receiving rations or electricity.

The woman who accompanied me to North Korea once told me about her secret visit to a hillside mud hunt. She hid in the trunk of a car and visited her relatives who were living in a mud hunt, only to find them half dead. She told me about the miserable life of her relatives, who sustained their lives by eating grass. Her relatives were labeled reactionaries because they were involved in a trivial incident. However, the result was tragic. The head of the family was sent to a camp and the rest of the family was exiled to a mud hunt.

As in the case of the pig theft, North Korean residents' reporting spirit is thoroughgoing. They are cold-hearted when it comes to reporting incidents to the Ministry of Public Security. For example, a middle school girl reported to authorities a young man who had just asked her "where the border was." The life of the young man, who was later caught as a potential defector, was ruined, however, the girl received a television set for her "contribution."

Frog oil is selling like hot cakes in the market place among Korean merchants from China. Frog oil is widely known as an anticancer and tonic medicine and is very popular among Japanese. The North Korean residents kill hibernating frogs and sell them to Korean merchants from China for 12 to 15 won apiece or 8,000 to 9,000 won per kg.

A yellow-colored oil inside the frog's stomach is extracted and individually sold. This is a popular item among merchants because of its smaller size.

U.S. dollars are also illegally exchanged in the market place; 100 dollars are exchanged for 9,500 to 1,500 won. The official exchange rate in Pyongyang is 2.11 won for a dollar; 100 dollars are tantamount to 15 years of a worker's wage. The value of the U.S. dollar is soaring because of North Korea's currency reform of 1992. At the time the North Korean authorities only exchanged 400 won per household. The money the North Korean residents had saved turned into mere scraps of papers.

Accordingly, after the currency reform, residents are more interested in exchanging won for Japanese yen or U.S. dollars rather than saving them.

The blackmarket value of the U.S. dollar has more than doubled since this reporter's August 1990 visit to North Korea.

North Korea's market place is a place where gossip and information are exchanged. The North Korean residents exchange whispers on what they heard or saw in other places. Rumors widely prevail that Korean merchants from China or Chinese merchants have Korean women as their mistresses and that, in Chagang Province, a reactionary was openly hanged in front of his family and that his body was left for a week so that all the people could see his tragic end.

Views Estimations of Kim Chong-il

SK2301145295 Seoul CHUNGANG ILBO in Korean 9 Jan 95 p 4

[Sixth of 10 installments of report by Yi Chan-sam, senior editor at CHUNGANG ILBO Chicago Branch, on his secret travel in North Korea after Kim Il-song's death]

[FBIS Translated Text] "After falling asleep in the warm blanket, I suddenly awake and think about love. Do I know this love, the love of the General? Your love exists in the front room of my house. Your love exists in the back room of my house. Even I, an old man who has run dry of tears, cry and cry for your appreciation. Oh, dear General Kim Chong-il, an incarnation of love."

This is one of the songs praising "the dear leader Comrade Kim Chong-il" that you can hear several tens of times a day from the radios of North Korean residents. Among these songs, there is one which you can hear nearly every hour.

"Comrade Kim Chong-il inspires faith in people by driving out the harsh gale. The people trust in General Kim Chong-il, even if the world changes on a hundred occasions. Without you, we no longer exist. Without you, the fatherland cannot exist. Oh, our General Kim Chong-il!"

North Korean radio has continued to air such songs, which are rampant enough that the people hum along, during every program except "Modo" and "Poem citations."

On the whole, North Koreans view Kim Chong-il as follows.

A housewife in her forties in Pyongyang stated: "He spent all his life over the past 30 years undertaking his father's work. Where in the world can we find such a son? His dutifulness is lofty. Therefore, he still refuses [madahada] to conduct the presidential inauguration ceremony [chusok chwiimsik].

An official in his fifties in Pyongyang stated: "Not only is he very bold and broad-minded, but he is awful and vicious. Once he forges plans, he must carry them out. If he decides to kill a person, he will kill him."

A high-level military officer in his forties in Pyongyang stated: "His judgment is fast and his determination clear. He is very bold."

A man in his sixties in a rural community stated: "I heard that he behaved impertinently and mischievously when he was a boy. However, he was described as a good boy in propaganda books."

A young man in his thirties in a rural community stated: "He is our absolute leader [choltaejok chidoja]. Who else can be the successor to the leader [suryong] other than him?"

A housewife in her fifties in a rural community stated: "Where can we find a great man like the leader [suryong]? It does not matter who leads the country. We are all right if we are well fed."

They had much in common in the fact that while positively assessing him on the whole, they do not regard him as an absolute person [choltaejok inmul].

There was a considerable degree of difference in the view of Kim Chong-il between people in Pyongyang and those in rural communities.

Ordinary residents in inland areas, including farming and fishing communities, did not pay attention to their ruler because of their bitterness caused by the food shortage, which is becoming worse; residents in the capital gave him good marks for his achievements in Pyongyang's construction.

However, the one common factor among all residents is that they do not believe the food shortages are due to the incorrect rule by Kim Il-song and Kim Chong-il.

The people believe they had to tighten their belts in order to prepare for war against the "U.S. rascals" and the "puppet South Korean clique" which aim to reinvade North Korea.

They added they had not heard anything is wrong with Kim Chong-il's health.

What really frightened me was that the people seemed indifferent to the health of O Chin-u and Kim Chong-il, despite the fact that these men might have fatal illnesses. I do not know if this is a starting point for a "happy-go-lucky manner" attitude of self-abandonment.

The North Koreans seemed to listen to the radio in an emotionless manner, even when it carried programs praising Kim Chong-il.

Meanwhile, I could see in their eyes that the people are waiting for change. They did not pay attention to the "top news" indicating that "countries throughout the world sent greetings and gifts to Comrade Kim Chong-il"; instead, they listened to the radio and watched television when reporting on issues, such as the "DPRK-U.S. talks" and "North-South relations." Their hostile attitude toward President Kim Yong-sam was horrible.

They said excitedly: "Kim Yong-sam aimed a gun at the funeral house [chosangjip], even while Clinton expressed condolences over the leader's [suryong] death. If the leader [suryong] decided to meet with Kim Yong-sam, forgiving his past wrongdoings, then Kim Yong-sam should have wailed when he heard about the death of the leader. How dare he declare martial law and block people from expressing condolences!" People everywhere—including in Pyongyang, local cities, and rural communities—made vicious remarks against Kim Yong-sam. I felt awkward when I heard them.

Some said: "He attempted to wage war on the occasion of Kim il-song's death." A high-ranking officer whom I met in Pyongyang compared him with Judas: "Fighters of our People's Army have so far lived to absolutely obey the comrade leader [chidoja tongji], being loyal to his order. But if he meets with Kim Yong-sam and holds a dialogue with him, our People's Army will not be patient [kamanitchi anhul kossida]." I believe such ideas originate from the North Korean authorities' calculated policy.

In the past, the North Korean authorities had inspired hatred against the United States, using the terms "a deep-rooted enemy," "wolf," and "the other party which must be destroyed generation after generation"; now they seem to divert the people's hatred in an unreasonable direction, making efforts to improve relations with the United States. One day North Korean radio carried a program entitled "Reporters Roundtable Talk" which discussed the collapse of the Songsu Bridge, insisting that "the puppets, who were excluded from the DPRK-U.S. talks, are being further placed in a difficult position because of these frequent incidents," and that "such incidents should be blamed on a group of politicians who have robbed half of the total cost of construction."

Witnesses Crowds Mourning Kim

SK2401002895 Seoul CHUNGANG ILBO in Korean 11 Jan 95 p 4

[Seventh of 10 installments of a report by Yi Chan-sam, senior editor at CHUNGANG ILBO's Chicago Branch, on his secret travel in North Korea after Kim Il-song's death]

[FBIS Translated Text] After Kim Il-song's death, the "leader" [suryongnim] ascended to the position of "god." Tens of thousands of his statues across the country were turned into temples for people—men and women, young and old—to worship at and invoke a blessing upon themselves.

People offered bundles of wild flowers to the statue and said silent prayers.

I saw a girl in her teens who said she had been crying at the statue from early evening to dawn.

On the evening of 8 September last year, marking two months from Kim Il-song's death, I happened to witness the scene of Mansudae Hill where stood Kim Il-song's statue, the largest of his 37,000 statues in North Korea.

Thousands of residents with bundles of flowers in hand were waiting at the steps leading to the statue.

In the darkness, where all was buried under the new moon, only the statue shone in the search light.

When a serene funeral march began, the waiting residents thronged to the statue.

I was among the crowd.

The funeral march stopped, and a calm woman's voice rang out from the microphone:

"We will now pay our reverential silent tribute to the fatherly leader Comrade Kim Il-song.

A funeral march was played again. Sobbing was heard among the crowd.

This was followed by offerings to the statue of the bundles of flowers, each bundle consisting of about five floral buds. The atmosphere was so solemn that I felt a thrill of horror.

Events like this continued everyday from morning till late at night.

Whenever I drove along the street passing by the statue, I could see crowds of four to five thousand.

It seemed that the 2 million residents of Pyongyang were mobilized every two days.

One could see it from the fact that most of the pedestrians around the Ongnyu Bridge and Kaeson Street, and most of the subway passengers, carried bundles of flowers with them.

Broadcasting stations allotted almost 100 percent of their time to documentaries on Kim Il-song, forcing his "greatness" and "love of the people" upon the masses.

I heard Kim Chong-il's name only once.

Immediately before the end of the broadcast, the television showed Kim Il-song's portrait for 10 seconds and said: "Under the leadership of Comrade Kim Chong-il, our country has made great progress in all fields."

Extolling Kim Il-song to such an extent that he is made into a god, the broadcasting media conveyed a message, that "the fatherly leader is synonymous with the dear leader."

In provincial areas as well as in Pyongyang, no one made light of Kim Il-song.

"We will never meet with such a great man again in Korea's history."

"When Comrade Ho Chi Minh died, 102 counties mourned his death; when the leader passed away, the entire world lamented, except South Korea.

"Perhaps none of our people who heard the news at noon on 8 July on the passing of the leader could have lunch."

Numerous people across the country in the North were so shocked they fainted and were taken to the hospital, they said. They said this when I visited the hinterland in the provincial areas, too.

"On the day of the funeral, scores of people fainted and were taken to the hospital in Pyongyang alone, some of them even died from the shock," a government official said. It was an important development when they opened to the public the "Presidential Palace" where Kim Il-song's body lay in state and allowed all the soldiers of the People's Army to pay tribute to him there around the clock.

They said this delayed the funeral.

I thought this was a calculated step aimed at preventing the military, which could be the most threatening force to the Kim Chong-il regime, from rebelling against him by having the soldiers see Kim Il-song's body.

All the soldiers, including the recruits who were serving in the hinterland, were called to Pyongyang to see Kim's body.

After Kim Il-song's death, two slogans were put up across the country in North Korea. "The great fatherly leader Comrade Kim Il-song is with us forever." "Let us become young heroes in the rewarding struggle to add luster to the Kim Chong-il era."

They upheld both of them, the father and the son, in the slogans.

Moreover, son Kim Chong-il is imitating his father's strut and handwriting.

A general-grade officer I met in Pyongyang said: The leader's most outstanding achievement was designating the comrade leader his successor.

In an effort to provide relief, the North Korean authorities even stopped weddings for the period from Kim Il-song's death to his 100th day memorial service.

They said this was a voluntary action on the part of the people, but it was apparent that the cell organizations passed on this guideline to the residents.

A peasant made a self-mocking remark: The leader, whom the world reveres, passes away; and people like us live deprived of food.

When the Tanzanian prime minister visited North Korea, the children gave a performance at the Pyongyang Students and Children's Palace of Culture in his honor. After the performance of colorful dances, choruses, and farm music ended, a large picture of Kim Il-song and Kim Chong-il standing in front of Chonji at Mt. Paektu was shown.

Departing the performance amidst the crowd, I heard a conversation between two junior high school girls:

"Why should they make us cry by showing the leader's picture?"

"Did you cry? I wept a lot. It is really painful."

I wonder if the North Korean authorities realize that by magnifying the image of the father too much, they are making the son look smaller.

Comments on Najin-Sonbong Plan

SK2401060395 Seoul CHUNGANG ILBO in Korean 12 Jan 95 p 4

[Eighth of 10 installments of a report by Yi Chan-sam, senior editor of CHUNGANG ILBO's Chicago Branch, on his secret travel in North Korea after Kim Il-song's death]

[FBIS Translated Text] Some large business groups of our country have marked out the Najin-Sonbong district for investment, and several enterprises have already surveyed the region. The North Korean authorities called it "a golden delta."

In Administration Council Decision No. 74 on 28 December 1991, North Korea designated 621 square km covering Najin City in North Hamgyong Province and some areas of Sonbong County (Ungjin) as a "free economic trade zone."

North Korean authorities originally announced that Najin, Chongjin, and Sonbong ports would be expanded during the first-stage period from 1993 to 1995; as well as the construction of railways, roads, hotels, and an industrial base with aviation, communications, electric power, and water supply facilities. They designated the period from 1996 to 2000 as the second stage, and will complete the construction of all facilities during the period from 2001 to 2010. However, the venue is still a vast empty plain surrounded by wire fences aimed at preventing access by the general public. Thus, their efforts are concentrated on their internal problems.

They boastfully talked as if they would offer "a golden treasure island" to business firms in our country, Japan, the United States, Russia, China, and the like. However, they have been in agony over the direction of how to open up this zone.

It appeared that North Korean residents in this area are aware of the plan.

In other words, although they do not know details of the plan, they are harboring a vague hope that a foundation for a better life will emerge from this zone.

They are fostering a dream that world-famous business firms will rush into the zone and produce abundant goods, including daily necessities, which will make their life affluent and rich.

In particular, those in North Hamgyong Province adjacent to China harbor the expectation that they will enjoy an affluent and abundant life like the Chinese, which resulted from the opening of China.

It was learned that under the leadership of the Bombproof Section [pangtankwa] of the Political Security Department [chongchi powibu], the work of relocating the existing 150,000 people in this area is being secretly pushed ahead.

The Bombproof Section of the Political Security Department operates special teams for the arrest of spies, reactionary elements, and the like.

The plan to relocate all residents in this area by March and to deploy about 50,000 people, especially selected from across the country through political investigation, with proven ideologies and no problems with their health and appearance, is being pushed ahead without interruption.

In addition, it was confirmed that soldiers, mobilized from the county units on a large scale, are building houses and that the security department is controlling the area surrounded by wire fences.

In addition, soldiers have begun the construction of a 45-km road between Najin and Chongjin.

They are leveling the ground close to Sosura-Manpo Lake in order to construct the Sonbong airport. Equipment and instruments to be provided by Samsung Electronics of our country is ready to be installed in the Sonbong telecommunications center.

However, North Korean people in neighboring cities have as many great worries as they have expectations.

They are worried that ordinary people's access to the Najin-Sonbong district, where foreigners will visit frequently, will be strictly banned and political repression will be intensified to control their access. In addition, residents are waging a clandestine movement to be among the chosen 50,000 residents of the zone and maneuvers for "connections with the influential class" is also very fierce.

Facing death, Kim Il-song called for "achievement of the issue on the delta," in addition to national reunification. This being the case, residents believe those chosen to settle in the zone will enjoy a better life and more cultural benefits than even those in Pyongyang.

However, the residents in Saebyol, adjacent to Hunchun in China and in Hoeryong, which is linked to Sanhe in China, are concerned about the possible disadvantages they may have to suffer as a result of the opening up of the Najin-Sonbong district.

The construction of a 12-meter wide road connecting Yanji, Longjing, and Sanhe in China, and Hoeryong and Chongjin in North Korea, is under way at present; and construction of a road connecting Hunchun in China and Saebyol and Najin in North Korea has been planned. Thus, considering the frequent trips of foreigners between the delta and China, North Korean authorities will further intensify various restrictions and control of the residents.

The Sonho Enterprise Group, owned by a Korean resident in Yanji, signed a contract with pertinent North Korean authorities for the construction of the road between Hoeryong and Chongjin, and began the construction in mid-1993. However, the project is presently suspended due to a shortage of funds.

It was learned that North Korean soldiers have been mobilized in the construction of this road and have now only completed the roadbed. In return for the work by soldiers, Sonho offered daily necessities, including laundry soap, wheat flour, and the like, which North Korea needs.

Paving the road with cement has been projected for the remaining construction period. A few business firms in our country are reviewing this project with interest, which requires $5 to $7 million.

Meanwhile, a high-ranking official of North Hamgyong Provincial People's Committee said that "the order of priority in inviting investors into Najin-Sonbong delta is first, Korean businessmen overseas; second, Chinese enterprises; and third, U.S. business firms. Japan would be excluded to the extent possible." However, his remarks appeared to be prompted by political purposes because large Japanese enterprises, including Mitsui, have already reached an agreement on a considerable portion with the North Korean Committee for Promotion of External Economic Cooperation.

The official added that "the work of selecting the residents and their relocation will be completed by March 1995, and following this, the visits of foreign business survey teams will be permitted on a full scale."

Some Korean businessmen in China pointed out that "in view of the present North Korean situation and atmosphere, the authorities can hardly find time to pay attention to the issue of opening the Najin-Sonbgong district. North Korea would be in a situation of collapse if it opens, and of bankruptcy if it is not opened. Thus, North Korea's agony is clearly evident."

Cites North's Reunification Views

SK2401085295 Seoul CHUNGANG ILBO in Korean 13 Jan 95 p 4

[Ninth of 10 installments of a report by Yi Chan-sam, senior editor at CHUNGANG ILBO Chicago Branch, on his secret travel in North Korea after Kim Il-song's death]

[FBIS Translated Text] North Koreans expressed their desire for national reunification, thinking in an unusual manner. In other words, they claimed that dialogue, reconciliation, and opening up is not suitable to achieving national reunification.

Unlike the method of national reunification the North Korean authorities have made public, all North Koreans—whether they reside in Pyongyang or rural areas, or whether they are soldiers—do not hold the same views.

When this reporter visited North Korea in 1988 and 1990, children cried out "Mister reporter, please fight bravely for reunification after returning to South Korea" while singing the song "Our Desire Is Reunification." Their cries are still vivid in my mind. It was during my third and fourth visits to North Korea that I realized the method for reunification envisioned by North Koreans is entirely different from the method for national reconciliation this reporter expected.

A responsible official in Pyongyang said: "It is true; we are very poor. We have suffered for a long time. What is worse is that no one has helped us. We have relied on 'self-reliance.' However, we prefer clean poverty over messed-up and corrupt wealth."

This official stressed: "Look at the PRC. It is being corrupted. We will not undertake that kind of reform. That kind of reform is a germ encroaching upon our ideology and ideals.

"We are well aware of the situation in South Korea. When a crisis was created in connection with the nuclear problem, the dear comrade leader declared we were ready to wage war. Was not the atmosphere in South Korea at that time such that rich men attempted to flee overseas, those who were less wealthy were busy buying ramen noodles and burners, and the poor wanted war as soon as possible?"

Saying that during the fatherland liberation war North Korea liberated Seoul without firing a gun, this official insisted North Korea is superior to South Korea even though the former is economically poorer, and that North Korea can peacefully achieve reunification by founding a Koryo confederal republic.

However, ordinary people hold different views.

A man in his forties residing in a rural village said: "Why have we been forced to go hungry and suffer hardships? We have been forced to further tighten our belts because the U.S. bastards have attempted to swallow us. We rejoiced when a state of semi-war was declared in the past, believing our chance had come."

A man in his fifties residing in a rural village said: "We can no longer endure. We want war to break out."

A soldier in his forties in Pyongyang said: "Thanks to our patient efforts to overcome hunger, we possess weapons which even the U.S. bastards are fearful of. With one shot, everything will come to an end. I wish that time would come soon."

A discharged soldier in his thirties said: "War will be inevitable in 1995. We wait for it without timidity. Do you know the reason why we served in the military for eight to nine years?"

North Koreans reportedly know that when Kim Il-song was at death's door, he said: "I die without achieving reunification." They also know that Kim Chong-il replied: "Do not worry. I will achieve it without fail."

This reporter has no idea of the source of this information. However, I heard the same remarks from many people, as well as many people saying that "with one blow the world will come to an end," although they did not use the word "nuclear weapons."

They added that the South Korean economy is vast, saying: "We worry that the United States and the PRC will encroach upon the South Korean economy."

This reporter had a chance to talk about reunification with a high school teacher who graduated from a college in North Korea. Unlike ordinary North Koreans I met, the high school teacher did not insist on the inevitability of war to achieve national reunification. He calmly assessed the North and South.

He said: "We are to meet doom soon, so the time has come for us to make a decision. There is a possibility the North and South will be unified within 10 years because of economic aggression by South Korea and the United States. However, our people worry about and are against reunification by absorption, as was the case in Germany."

This teacher very calmly and prudently revealed his opinion, probably because he believed I was a Korean residing in the PRC.

He continued: "Our people have heard about and studied only 'our style' ideology without knowing about economics and the outside world. If reunification by absorption is achieved as in Germany, our people will be unable to endure the mental poverty rather than the hunger they suffer at present."

Insisting on the "loss of humanity" in South Korea, he stressed that although its economy is developed, South Korea is still a society in which the haves treat with contempt and exploit the have-nots.

This teacher added: "We are well aware of the Chijon faction gang murders in South Korea. We also remember On Po-hyon, one of the gangs. Our people worry that they will suffer the same fate. We have lived in hunger to cope with a possible war. If we are to become the slaves of the haves in South Korea, then it is better to die as we are now."

The North Koreans' view of reunification by war is a result of brainwashing by North Korean cell organizations.

The teacher added: "I am reminded of the remarks by a friend of mine who has been to China. He stated that 'there is an entirely different world just across the river, that the U.S. bastards and the South Korean puppets themselves are not the object of fear, that what I fear is the South Korean economy, and that I have come to realize the reasons why the superiority of socialism has collapsed."

The teacher looked very serious, and continuously drew a deep breath. He seemed to have had many discussions with his friends.

The North Koreans' insistence on reunification by war, even at the risk of their lives, was not a show of high morale but the painful outcry and voice of lamentation.

Says Number of Defectors Growing

SK2401085795 Seoul CHUNGANG ILBO in Korean 14 Jan 95 p 4

[Last of 10 installments of a report by Yi Chan-sam, senior editor at CHUNGANG ILBO's Chicago Branch, on his secret travel in North Korea after Kim Il-song's death]

[FBIS Translated Text] During my stay in North Korea, five brothers living in Musan City, North Hamgyong Province, defected to China.

The five brothers, in their thirties or forties, left a note that "even if we die, we want to die after eating one full meal," and then defected to Yanbian, China by crossing the Tumen River.

The note they left behind led to their capture by agents of the Bombproof Section [pangtankwa] of the Political Security Department. They were five out of seven brothers whose parents moved to North Korea during China's Cultural Revolution in the 1960's. The seven brothers had been exemplary youth and had been "loved by the party," receiving "the title of labor heros."

As soon as the case broke out, the authorities immediately supplied rice to the house of the five brothers and propagandized to the neighbors that "they chose the reactionary road even though there was plenty of food in their house."

Nonetheless, the truth spread quickly to the neighboring areas and everyone was whispering about this case.

A few days later, the North Korean authorities held a rally impeaching the five brothers and forced their aged mother to make a speech denouncing her sons.

In addition to this case, which I directly confirmed, there are many defection cases in the border area between China and North Korea.

A man, 51, who was involved in car smuggling defected to Shenyang, China, with his mistress, 48, and was later caught. The agents of the Bombproof Section reportedly dragged the man away by piercing his nose with a wire.

The woman was stoned to death by dozens of Korean women who were waiting for her at the bridge on the North side.

The North Korean authorities deliberately carried out such an execution as "an example of how defectors will end up." That is why so many people on the Chinese side have eyewitnessed such executions.

The North Korean authorities seem to concentrate all their energy on preventing defections by North Korean residents, rather than on preventing Korean peddlers residing in China from entering North Korea.

In the past, they were interested in "who visited whose house." However, now they are more interested in "who went where." A guard is posted on every apartment floor to watch every move of the people. They said this kind of "tense situation" became worse after Premier Kang Song-san's son-in-law defected to South Korea through China. Everyone knows about the defection of Premier Kang Song-san's son-in-law.

Last year, a starving North Korean soldier crossed the Tumen River to the Chinese side and was caught by a Chinese resident while searching for food inside the Chinese resident's house. He pleaded that he came over to China because he was "so hungry." However, the Chinese resident could not understand what he was saying and the soldier pulled out a gun and shot him dead. He attempted to return to North Korea, but was arrested by the Chinese police.

In reality, in the area from Nampyong to Kaesantun along the Tumen River, I could see no Chinese nor North Korean guards, and the river is so narrow that one can easily jump to the other side. A high-ranking Korean official serving in the Chinese Government office in Yanbian said: "Numerous North Korean residents have fled to China, becoming a major issue in this area. However, China connives with such defections unless North Korea requests the repatriation through diplomatic channels."

It was also revealed that some Koreans residing in Yanbian work for North Korea and desperately search for the North Korean defectors.

The high-ranking official even said that "if things keep up this way, all North Korean residents will escape from North Korea." Accordingly, North Korean authorities are using more brutal means to prevent their residents from defecting and the North Korean residents complain that the North Korean authorities "are crueler than Japanese policemen in the colonial days."

North Korean residents, regardless of age, were starving and felt constrained by the authorities. As if they were used to such a life-style, they were easily offended even at a trivial matter. It was truly a pity to see them living under such conditions.

Computer Agency: North Seeks Information Society

SK2501015695 Seoul THE KOREA TIMES in English 25 Jan 95 p 3

[FBIS Transcribed Text] Under the worldwide trend of "informatization," North Korea, possibly the most reclusive country in the world with its chuche (self-reliance) ideology remains no exception in pursuing to achieve the "information society."

Despite its staunch resistance to foreign, capitalistic influence, the Pyongyang Information Center uses the Apple McIntosh program in addition to its own word processor program "Wordpro," according to a report by the National Computerization Agency (NCA).

Among the applied software programs used at the North center, about a half are MS-DOS products, one third MS-Windows, and the rest McIntosh products, which were presumed to have been imported from Japan, NCA said.

As an indicator of the level of the North's computer technology, the Academy of Science of the North developed a few computer game programs like the "Green Frog" series, which are aimed at helping children develop their intelligence, and "Study Tetris," which teaches English words and physics formula.

Among the utility programs for study are also the "Tangun" which inculcates Korean history, geography, and traditional culture and customs, and the "Ryori-300," which displays the recipe of 300 kinds of Korean dishes.

In a sharp contrast with the South's computer using culture, North Korea hardly uses English jargons such as "batch," "bus" and "CAD (computer aided design)."

Almost every computer-related term is interpreted into Korean terms, such as "sopyon (a small bit)" for chip and "programkisul (program technique)" for software.

As a most peculiar feature of computer use in the North, the Ctrl plus J keys make "Kim Chong-il," according to the NCA report.

The characters on computer keyboards of the North are arranged slightly different from the South's, with the functions of the word processor program "Changdok" holding very limited applications compared to the South counterparts.

However, North Korea is eager to get in touch with state -of-the- art technologies of advanced nations in its full recognition of the importance of the information technology.

According to NCA, North Korean leader Kim Chong-il stressed the need of computerization and introduction of robots at work sites in a scientists' rally last year.

The state-run institute also pointed out that North Korea puts more emphasis on the development of software than that of hardware due to its inferiority in hardware technology.

Australia, Seoul Agree on Education Forum

SK2501083895 Seoul YONHAP in English 0810 GMT 25 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 25 (YONHAP)—South Korea and Australia have agreed to jointly set up an education forum this year and exchange scholarships for postgraduates in line with their Comprehensive Education Exchange Program (CEEP).

Ross Free, Australian Minister of Schools, Vocational Education and Training, said Wednesday [25 January] that a subcommittee meeting of the Korean-Australian forum will be held here in March to discuss details of the forum, which will deal mainly with bilateral exchanges of vocational education programs.

Free, who arrived in Seoul last Saturday, met with Minister Kim Suk-hui Monday to discuss improving bilateral cooperation in the field of vocational education and visited several research, vocational and technical education institutes Tuesday.

South Korean President Kim Yong-sam and Australian Prime Minister Paul Keating agreed on the CEEP program last year when Kim was visiting down under.

In a press conference at the Australian Embassy here, Free said the forum's first meeting will be held in South Korea this year and the second in Australia next year.

"I think it's likely that if the first two are successful, they will be interested in meeting annually," he added.

He said he has agreed with his South Korean counterpart Kim to exchange 15 scholarship postgraduates every year for vocational education—10 Korean students who will receive scholarships in Australia from the Canberra Government and five Australians here to be sponsored by the Seoul government.

He added that Australia plans to establish the Australia International Education Foundation within the Australian Embassy here in the near future to provide coordinated national promotion and marketing.

"These objectives," he said, "will provide coordinated national promotion and marketing of Australia as a reliable provider of quality education—particularly on the university level. As you might be aware, Australian universities promote themselves at institutions in Korea and elsewhere in the region. The foundation wants to replace that, but it will coordinate national promotion."

He said the foundation will be available to provide information to interested Koreans on education opportunities in Australia.

"It will undertake studies on behalf of Australia to determine what the needs of prospective students in Korea might be," he added.

OECD Insurance Committee Observer Status Gained

SK2501062995 Seoul YONHAP in English 0605 GMT 25 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 25 (YONHAP)—South Korea has formally joined the Insurance Committee (IC) of the Organization for Economic Cooperation and Development (OECD) as an observer.

The Finance-Economy Ministry announced Wednesday that the OECD Council of Permanent Representatives, which earlier accepted the IC's recommendation, approved the country's joining the committee as an observer on Jan. 12.

Accordingly, South Korea has cleared the way for becoming a full member by participating in all five OECD committees as an observer.

The IC was set up in 1961 to enhance members' understanding of insurance policies and develop international cooperation. The government plans to attend a committee meeting slated for May 18-19.

Prior to gaining admission, South Korea sent a delegation led by the director-general of the Securities and Insurance Bureau of the then-Finance Ministry to OECD headquarters to consult with IC representatives and the secretariat on Seoul's becoming an observer in the international body.

The four other committees in which South Korea has won observer status are capital movement and invisible transactions (December 1993), international investment multinational enterprises (January 1994), fiscal affairs (July 1994) and financial markets (November 1994), according to the ministry.

BIS Ranks Seoul Fourth in Foreign Debt

SK2501054095 Seoul YONHAP in English 0516 GMT 25 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 25 (YONHAP)—South Korea ranked fourth globally in scale of foreign debt at the end of last June.

And during the first half of 1994, South Korea saw the biggest increase in foreign liabilities among the world's five largest foreign debtors.

Its foreign debt at last June's end topped 52,039 million U.S. dollars, fourth in the world after Mexico, Brazil and China, according to a report by the Bank for International Settlements (BIS).

Data contained in the report were disclosed by the Korea Trade Promotion Corp. (KOTRA) Wednesday.

The largest foreign debtor country was Mexico with 71,499 million dollars, followed by Brazil with 64,077 million dollars and China with 52,464 million dollars.

Foreign liabilities owed by the former Soviet Union amounted to 55,750 million dollars, exceeding those owed by South Korea. Foreign debt shouldered by Russia, however, stood at 49,180 million dollars, ranking fifth after South Korea.

South Korea's foreign debts rose by 6,784 million dollars during the first six months of last year from 45,255 million dollars at the end of 1993, showing the largest increase among the five top foreign debtor countries.

During the six-month period, Mexico registered 1,733 million dollars in increased foreign debts, Brazil 4,404 million dollars, China 3,673 million dollars and Russia 2,326 million dollars.

Reflecting active economic development through foreign debt, Thailand ranked sixth with 43,248 million dollars and Indonesia seventh with 37,935 million dollars.

Ranked eighth was the Cayman Islands, a British colony in the Caribbean Sea, with 42,810 million dollars, with Argentina in ninth at 30,554 million dollars and Panama in 10th at 25,065 million dollars.

Taiwan owed 21,135 million dollars and Hong Kong 18,516 million dollars in foreign liabilities, both less than half of South Korea's.

Globalization Defined as National Development

SK2501070595 Seoul YONHAP in English 0643 GMT 25 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 25 (YONHAP)—President Kim Yong-sam on Wednesday defined his vision of globalization as a national development strategy for building a unified Korea that will play a key role in the 21st century and as a reformative concept for the coming generations.

He gave the definition during a luncheon at Chongwadae [presidential offices] for members of the globalization promotion committee, including government co-chairman Yi Hong-ku and private co-chairman Kim Chin-hyon.

The chief executive emphasized he would steer the nation on the basis of his globalization vision with uninterrupted change and reform.

World history will enter an era of globalization in the 21st century, and to cope with such revolutionary changes and challenges Korea must have a new national objective and a fresh development strategy to ride the internationalization trend.

The new national objective and development strategy require the establishment of development principles which are different from those employed in the era of modernization and industrialization, the president explained.

Development based on the manual labor-intensive productivity of the modernization era should be shifted to development based on knowledge labor-intensive productivity in the coming information age.

Moreover, the private sector and regional economies should be spurred to fully develop their growth potential. To this end, law and order must be impartially and transparently enforced to guarantee businessmen's self-restraint and local government autonomy. The country should develop sufficient political power to settle conflicts of interest between areas, classes and industries in the direction of social harmony and unity.

Nature must be conserved so that an environment friendly to mankind can be maintained, as was the case before the destruction brought by science and technology.

Rationalism in Koreans' ways of thinking and living, including habitual observance of law and order, is a must for national development in the coming century, the president stressed.

In short, Kim's globalization philosophy calls for increased productivity and flexibility in all sectors—politics, economy, administration, society, culture and sports.

His globalization philosophy as a national development strategy is in line with his plans to create a new Korea, which he declared a few months after entering Chongwadae in early 1993, a Chongwadae official said.

The new Korea he envisions is a nation that can play a key role in the globalization era, and in the process of creating such a nation he called for a series of efforts to make Korea a key member of the international community.

Kim has set various globalization programs: Globalization of education, law and economic order, politics and journalism, government administration, environmental conservation, and culture and ways of thinking.

To attain globalization in education, he stressed the need for a fundamental and revolutionary reform of education to train youth as people armed with creative and enterprising spirit.

For this goal, educational reform should be conducted in such a manner as to respect the individual personality and creativity of students and encourage them to exercise self-restraint and observe the rules of the game in competition.

Such reform should also aim at making society a life-long educational institute for citizens, using state-of-the-art communications and teaching devices.

If the law is to be globalized, the legislative system should be elevated to an internationally accepted level and the judicial system reformed to meet world legal standards.

Economic globalization requires the use of real names in all business transactions and a free and fair competitive order. Banks and other financial institutions should sharpen their competitive edge and fair and transparent taxation should take hold for trade globalization.

Kim's globalization program for politics and journalism is of particular significance, as by this program he means political reform designed to establish a democratic and policy-based party system and a corruption-proof and clean election system. This will produce members of parliament who are highly specialized in the area they represent voters.

He also wants the press to be born again as the fourth estate representing the public opinion and interest.

His administration globalization program calls for deregulation aimed at maximizing citizens' creativity and a shift from bureaucratic and authoritarian administration to a service-first system for a small but effective and flexible government.

The globalization of local governments is intended to lay down a firm footing for the local self-government system by helping area economies fully develop their growth potential through fair competition.

Kim also calls for the globalization of nature conservation for the coming generations to develop an environment-friendly culture as world citizens armed with moral consciousness of the international community.

Under these globalization programs, Koreans must cast off their old shell to emerge as a people thinking globally but acting nationally, Kim stressed.

DP Plans Union of Democratic Reform Forces

SK2501025495 Seoul YONHAP in English 0129 GMT 25 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 25 (YONHAP)—Opposition Democratic Party (DP) Chairman Yi Ki-taek said Wednesday his party will throw open the door for a grand union of democratic reform forces to win the upcoming local elections in June.

Defining the local polls as a midterm appraisal of the incumbent Kim Yong-sam government, Yi said the DP will be reborn as an integrated national party by uniting dissidents, academics and civic groups seeking change in politics.

During a New Year press conference at DP headquarters in Mapo, Seoul, Yi called on Koreans to pass judgment on the government in the June local autonomy elections, stating that while the DP would not accept core members of past military regimes, it "will not necessarily exclude all persons who participated in the past governments."

Asserting that politics should no longer be characterized by regionalism and authoritarianism, he reiterated the need for generational change so that fresh faces can take the political center stage.

"The new era has to be the responsibility of the new generation," he said.

In connection with change in his own party, Yi said the DP will kick off a drastic reform drive that leaves the party headquarters in charge of policy development while reinforcing the role of local chapters.

Yi once again expressed hope of visiting North Korea while insisting that "under the situation of stalled dialogue between the Governments of South and North Korea, it will be beneficial to the country's interests for an opposition party leader to come forward to pave the way for inter-Korean dialogue."

Pointing out that the statute of limitations for public action against two former presidents linked with the Dec. 12 "military insurrection" has been extended, Yi disclosed that his party will continue struggling for a fair legal judgment of the "military mutiny" case and the May 18 Kwangju democratic movement in 1980.

He then presented the party's three major policy objectives for this year—preparing for localization, coping with the country's open-door policy and providing a turning point for national reunification.

In addition, he disclosed that its four main economic themes are establishing an autonomous market economy, rectifying the present unbalanced economy, renovating corporate business through specialization and realizing a scientific and educational revolution.

Special Assembly Session Postponed Until Mar

SK2501031195 Seoul YONHAP in English 0222 GMT 25 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 25 (YONHAP)—The year's first special National Assembly session, which had been expected to open in the middle of next month, will likely be put off until early March after the opposition Democratic Party's national convention, informed sources said Wednesday.

The delay will naturally mean a postponement of deliberations on pending bills, such as an amendment to the National Assembly Law aimed at revamping standing committees in line with the government's structural reform, the sources said.

Rep. Yi Han-tong, floor leader of the ruling Democratic Liberal Party, hinted at the delay, saying, "It is seemingly difficult to convene a special session next month considering the political schedule of the opposition party."

Yi and his parliamentary negotiating team discussed measures in case the special assembly session is postponed.

Share Prices Continue Slide Due to 'Pessimism'

SK2501031395 Seoul YONHAP in English 0246 GMT 25 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 25 (YONHAP)—South Korean share prices are sliding for the fourth day in a row, with the market's leading index on the verge of crashing through the psychologically important 900-point level.

The index was up 4 points from the opening bell with buy orders centering on large-capitalization blue chips such as Samsung Electronics Co. and Pohang Iron and Steel Co.

But persistent pessimism about the market's short-term direction turned things upside down, pulling the index into negative territory around 10:35 A.M.

The index soon collapsed to 905.05, off 11.78 points from Tuesday's close, at around 11:10.

Defense Minister Interviewed on Discipline

SK2301123495 Seoul CHOSON ILBO in Korean 23 Jan 95 p 9

["Exclusive interview" with ROK Defense Minister Yi Yang-ho by senior reporter Yim Tong-myong in the defense minister's office in Seoul on 20 January—first paragraph is CHOSON ILBO introduction]

[FBIS Translated Text] It has been one month since ROK Defense Minister Yi Yang-ho assumed office. Minister Yi has a heavy heart over the bank robbery by an officer in active service and the throwing of a hand grenade in the barracks. On 20 January, senior reporter Yim Tong-myong and reporter Yu Yong-won from the Social Affairs Department, and photographer Ho Yong-han met with the defense minister in his office to listen to his opinion on military discipline accidents and other pending issues.

[Yim] It has been one month since you were appointed defense minister. Which policy is grabbing most of your attention?

[Yi] The most important thing is to make the military reliable. This year's objectives are to strengthen combat preparedness, establish military discipline, and enhance military morale, improve military structure and organization, and to manage the military budget efficiently.

[Yim] You are from the Air Force and some people worry that it would be difficult for you to control the Army. Do you have any difficulties?

[Yi] I do not have any difficulties. Fortunately, I have worked with the Joint Chiefs of Staff [JCS] for a long time as the third deputy director and director of intelligence, and I have made acquaintances with Army generals. We are not particular about being Army or Air Force. (Smile) I myself do not feel particular about being Air Force.

[Yim] When you were the JCS chairman, you were known as a quiet man in carrying out work. If you continue to be quiet, would you not look somewhat weak? Will you change your work style?

[Yi] Every commander has his own personality. My philosophy is to do my work reasonably and substantially. I am accurate in administering awards and punishment. People who thought I was easy would change their minds after knowing my character. Meanwhile, it is not desirable for the military to be obtrusive. I will quietly accomplish many changes.

[Yim] Various incidents and accidents have continued since last year, including the crash of an Air Force plane, the bank robbery by an officer in active service, and even the throwing of a hand grenade in the barracks. Do you have any plan to root out such military accidents?

[Yi] In fact, military discipline is the life of the military. I regret the series of accidents. Unity and obedience come from strong training. I will invigorate military discipline through strict training.

Young people, who indulged themselves in materialism and pleasure, cannot become soldiers inside and out with weeks of training in the Army. Ceaseless education and training make them qualified soldiers.

[Yim] It appears that without fundamental measures for the so-called new-generation soldiers, such accidents will occur frequently.

[Yi] From the military point of view, the new generation has an undesirable life-style and way of thinking. The military cannot follow those members of the new generation. On the contrary, they have to adapt themselves to the military structure. Recently, some military academies tried to reflect the trends of general colleges in their education to satisfy the cadets. This is wrong. I will correct this. We have to make young people realize that they have to live in strict order in the Army. Then their parents will feel that the Army made their children mature.

[Yim] The new generation is impulsive and impatient. Extremely strict training may cause accidents out of impulsive resistance or self-abandonment.

[Yi] (In a definite tone) However, our military has to control military discipline and enhance military morale through strict training.

[Yim] The ROK military organization and supply is too Army-oriented, causing unbalanced development of the Army, the Navy, and the Air Force. Do you have any plan to overcome this?

[Yi] The current security situation makes it inevitable that the military becomes Army-oriented. To begin with, the number of Army troops dominantly surpasses other services. Naturally, the Army is given more emphasis. Following the Korean war, the U.S. Army strongly supported the ROK Navy and Air Force. Maybe this is another reason that ROK military policies have been centered on the Army. In the long term, the Navy and the Air Force should be strengthened for efficient integrated operations.

[Yim] Recently, the quality of students applying to the Military Academy has not only dropped, but also the overall trend is that the competitive rate for taking the entrance examination has on the whole declined. The rate of the career soldiers wanting to leave has increased considerably. In particular, the number of noncommissioned officers has considerably dropped, thus a desirable military manpower structure is collapsing. Do you not think that an epoch-making measure is necessary?

[Yi] Ultimately, it is a decision to be made by the individual.... Do you not think that they will lead a military life only when their lives are stable, and the welfare and future course are favorable to them? In the future, career soldiers beyond noncommissioned officers must be provided with welfare facilities that do not suffer at all by comparison with those available to ordinary people living in society. Apartments will be sold for low prices and we plan to increase the education assistance funds for their children. In advanced countries, including the United States, the benefits of medical insurance and tax-free daily necessities are being carried out well. It is to the degree that officers and men are worried that they will be discharged.

On the other hand, money assistance cannot be given to enlisted men who are serving in the Army. Since enlisted men are satisfied if clothes, food, and shelter are provided to them well, what we have to do is improve the barracks facilities and let them be proud of what they are doing.

[Yim] The budget is limited. Do you think that it will be possible in such a short time?

[Yi] If South-North trust is restored in the future and tension is eased, we will be able to make an epoch-making change in the direction of improving the welfare of officers and enlisted men. However, it is difficult to do so right at this time.

[Yim] Since Kim Il-song's death, how is North Korea's military commanding system changing?

[Yi] Considering the fact that currently Kim Chong-il is making all military related orders, it seems that he has seized the military. Currently, O Chin-u is able to carry out hardly any activities at all and Kim Chong-il is personally sending documents to the operational units. Also, Vice Marshal Kim Kwang-chin, who is vice minister of the Ministry of the People's Armed Forces and who headed the North Korean delegation for the South-North high-level talks, is rising to the fore. There are predictions that Kim Kwang-chin, the second generation of the revolution, will lead North Korea's military in the future. However, there is a limit to having a correct knowledge about North Korea's domestic situation.

[Yim] In spite of its economic crisis, North Korea has not reduced its military exercises recently. How could this be possible?

[Yi] In North Korea, the budget for the Ministry of the People's Armed Forces is drawn up separately from the government budget. Also, since it received money from Iran for selling Scud missiles and China is giving partial crude oil assistance to North Korea, it is possible to hold military exercises even though its economic situation is difficult.

[Yim] You held talks and had lunch with Shalikashvili, chairman of the U.S. Joint Chiefs of Staff, who visited the ROK on 19 January at the invitation of Kim Tong-chin, chairman of the ROK Joint Chiefs of Staff. What issues did you discuss?

[Yi] We reconfirmed that the ROK and the United States must maintain a firm joint defense posture and build a powerful military strength. Referring to concerns about the current armistice mechanism in the wake of the helicopter incident late last year, I stressed that all matters pertaining to the armistice agreement must be dealt with inside the armistice mechanism. We also agreed not to conduct the 'Team Spirit' exercise this year if North Korea properly implements the U.S.-North Korea agreement, otherwise we will conduct the exercise.

[Yim] The United States and North Korea held talks and agreed that light-water reactors will be supplied to North Korea. Both sides are at the point of implementing the details of the agreement, with the Korea Energy Development Organization playing a leading role. As a military officer, do you have anything to worry about?

[Yi] The Foreign Ministry is in charge of the nuclear problem. I have no complaints.

[Yim] There was a reshuffle in the military leadership late last year. Therefore, people are interested in what will happen to the four generals of the 18th and 19th classes of the Korea Military Academy who are senior to, or classmates of, the Army chief of staff.

[Yi] My opinion has not changed. To prevent a stir in the military, I will deal with their reassignments during April's regular military reshuffle. I will map out the best plan in consultation with Kim Tong-chin, chairman of the Joint Chiefs of Staff.

[Yim] The new government announced the plan to selectively rescue members of the Hanahoe Fraternal Society, a personal organization within the military. They have been discriminated against in personnel action since the government was inaugurated. Last year, only one member was promoted to colonel, and all candidates failed to be promoted to brigadier general. Do you have any plans to positively resurrect them?

[Yi] We have not deliberately rejected them. Everything depends on how hard they work.

[Yim] You were the first chairman of the Joint Chiefs of Staff from the Air Force. You are now the third defense minister from the Air Force. Why do you think this is so?

[Yi] A mere fact is that I have worked sincerely for 39 years. I had not dreamed of becoming the chairman of the Joint Chiefs of Staff. This time, I knew of my appointment to the cabinet when I saw it on television-.Upon listening to Chongwadae's [presidential offices] announcement that I would be discharged that day and appointed defense minister, I asked my aides to prepare for the discharge, and a discharge ceremony took place two hours later.

[Yim] Is that true? I heard you secretly met President Kim Yong-sam at Chongwadae on 21 December, two days before the cabinet reshuffle.

[Yi] I went to Chongwadae to give my business report. There was no word from President Kim Yong-sam about the cabinet reshuffle.

Brunei, Malaysia & Singapore

Malaysia

Finnish President Arrives for Two-Day Visit

BK2501084595 Kuala Lumpur Voice of Malaysia in English 0800 GMT 25 Jan 95

[FBIS Transcribed Text] Finnish President Martti Ahtisaari has been given a ceremonial welcome on his arrival in Malaysia for a two-day state visit. At Parliament Square in Kuala Lumpur, he was received on arrival by the king, Tuanku Jaafar; Prime Minister Datuk Sri Dr. Mahathir Mohamed; Deputy Prime Minister Datuk Sri Anwar Ibrahim; and Chief Secretary to the Government Tan Sri Ahmad Sarji Abdul Hamid.

President Ahtisaari, who was accompanied by the king, reviewed a guard of honor as the first of the 21-gun salute boomed out. The president then shook hands with a long line of dignitaries, including cabinet ministers and members of the diplomatic corps. President Ahtisaari and his delegation then left for Shah Alam for a tour of the Proton car factory. This afternoon, he will hold talks with Dr. Mahathir.

Finland has good relations with Malaysia, particularly in the economic and technical fields.

Britain Offers Assistance in Aerospace Industry

BK2501084395 Kuala Lumpur THE SUNDAY STAR in English 22 Jan 95 p 3

[FBIS Transcribed Text] Kuala Lumpur—British Aerospace Ltd. has embarked on a long-term programme to help Malaysia develop its aerospace industry.

For a start, it is offering a 100,000 pounds or [Malaysian ringgit] RM400,000 five-year scholarship in aerospace systems engineering to the Royal Malaysian Air Force (RMAF).

Malaysia has the distinction of being the first country to be offered this fully-sponsored programme at the Loughborough University of Technology which leads to a master's degree, said British Aerospace director of education liaison Steve Grigg. He said the course was launched three years ago with 120 undergraduates undergoing the course currently.

Apart from this major commitment, he said, there would be 14 visiting British Aerospace professors at Universiti Utara Malaysia [Malaysian Northern University] by the end of the year, and the firm would support the setting up of an aerospace composite centre at Universiti Teknologi Malaysia.

Grigg said he had had talks with University of Malaya officials on introducing related courses there.

"I met the Minister of Education (Datuk Amar Dr Sulaiman Daud) this morning to discuss ways in which we can participate in schools, as we do in Britain, to prepare students of the right calibre for further studies in aerospace engineering.

"Malaysia receives high priority in our overseas commitment.

"It has tremendous potential for growth in this field," he told reporters after handing over a donation to the RMAF Family and Children's Club resource centre at the RMAF station in Sungai Besi here yesterday.

Elaborating on the scholarship, Grigg said it would begin from October this year, and students would be employed by the firm for one whole year apart from the annual vacations.

He said British Aerospace had provided a full-scale aircraft besides providing technical expertise and other specialised equipment needed for the programme.

Vietnamese Refugee Repatriation Accord Signed

BK2501084495 Kuala Lumpur THE STAR in English 25 Jan 95 p 6

[Report by Leslie Lau]

[FBIS Transcribed Text] Kuala Lumpur—Malaysia took the final step yesterday to end the saga of the Vietnamese boat people with the signing of an agreement which will repatriate all Vietnamese non-refugees by year's end.

With the signing of the memorandum of understanding [MOU] between the United Nations High Commissioner for Refugees and the Malaysian and Vietnamese governments, the remaining 4,913 non-refugees would have to return to Vietnam this year.

Foreign Ministry secretary-general Tan Sri Ahmad Kamil Jaafar said the MOU provided for the orderly return of all boat people who were determined to be non-refugees.

"We hope to bring to a close the Malaysian chapter of this tragic saga which began in 1975," said Ahmad Kamil who signed on behalf of the Malaysian Government.

There were 5,252 Vietnamese boat people at the Sungei Besi camp of which 4,913 have been classified as non-refugees.

Ahmad Kamil said the orderly repatriation under the MOU would only be exercised when there were no more volunteers for the on-going volunteer repatriation programme.

He said those who do not volunteer to return would be sent home under the provisions of the MOU.

A total of 4,116 boat people returned to Vietnam from here under the volunteer repatriation programme which was implemented in February 1994.

Ahmad Kamil said the government would close the Sungei Besi camp by August.

Vietnamese ambassador, Ngo Tat To, who signed for his government, said returnees would be received with open arms.

Erika Feller, representing the UNHCR, said it would be detrimental for camp residents to stay on.

"It must be to their advantage to embark on rebuilding a future outside the confines of locked gates and wire fences," she said.

The MOU for orderly repatriation signed yesterday was the third between Vietnam and an ASEAN country. Earlier agreements were signed with Indonesia and Thailand.

Air Force Official Says Pilot Exodus 'Critical'

BK2501083495 Kuala Lumpur THE SUNDAY STAR in English 22 Jan 95 p 3

[Report by K. Parkaran]

[FBIS Transcribed Text] Kuala Lumpur—The exodus of experienced pilots and technicians from the RMAF [Royal Malaysian Air Force] has reached a critical stage, deputy chief Mej.Jen. [Major General] Ahmad Saroji Che Rose said yesterday.

Apart from unsatisfactory remuneration, he attributed the trend to attractive opportunities in the private sector brought about by the economic boom.

Although he did not cite numbers, Jen Saroji said the effects were being felt especially now because the RMAF had embarked on acquiring new and sophisticated weapons systems which required personnel with calibre and wide experience to handle.

"We need these experienced personnel badly during this transitional period. Most of them leave after serving about 12 to 13 years when they are at the peak of their career," he said.

He was speaking to reporters after attending the official opening of the RMAF Family and Children's Club (Bakat) resource centre at the RMAF base in Sungai Besi.

Jen Saroji said RMAF had already submitted a proposal to the Government to improve the terms and service of its personnel in a move to retain them as long as possible.

"The proposals include a request for higher flying allowance for pilots and special allowance for technicians. We have also proposed better living conditions and other perks. Money is just one of the factors.

"The Government is considering it and we are are waiting for a decision," he said.

On its part, Jen Saroji said the RMAF would embark on a programme to improve their quality of life like providing better working and living conditions.

"This is within our control but when it comes to salaries and allowances, it is beyond our control," he added.

Asked if the regimental way of life was not attracting qualified youths of today who preferred freedom, Jen Saroji said the armed forces would not compromise on discipline.

* Government Outlines Anti-Inflation Strategy

95SE0070D Kuala Lumpur UTUSAN MALAYSIA in Malay 2 Dec 94 p 5

[FBIS Translated Excerpt] Kuala Lumpur, 1 Dec—The Special Cabinet Committee on Inflation, chaired by the prime minister, has outlined six main strategies to ensure that inflation in this country is kept at the lowest level.

Datuk Affifudin Mansor, parliamentary secretary of the Department of Finance, said also that the government has implemented—and is implementing—strategies and will take action for the short, medium, and long term. He said that all these steps are consistent with the nation's pragmatic and flexible financial policies and its frugal fiscal policies.

The six policies planned have these objectives:

- To control increases in overall demand.
- To encourage domestic savings.
- To provide allocations for infrastructure construction and worker training in order to reduce limitations on supply and improve production capability.
- To increase food supplies and reduce the cost of wholesale goods.
- To improve the system for disseminating information on price changes and differences so that consumers can make wise purchases.
- To enlarge the role of consumer associations for the sake of improving awareness of consumer rights.

Affifudin said this as he responded to a question from Ong Tim Kim (BN [National Front], Teluk Intan) in the House of Representatives today. He said that, consistent with these steps, the government has reduced or repealed import duties on more than 2,600 types of foodstuffs in the 1995 budget.

"This is in addition to more than 1,100 types of foodstuffs for which import duties were repealed or reduced in the 1993 and 1994 Budgets," he said. He also said that the allocation for the Food Fund has been increased from 300 million ringgit to 600 million ringgit and that the annual interest rate has been reduced from 7.75 percent to 4 percent. [passage omitted]

Singapore

Malaysian Minister Says Import Dispute Resolved

BK2501103395 Singapore BUSINESS TIMES in English 24 Jan 95 p 3

[Report by Amy Balan]

[FBIS Transcribed Text] Singapore—Malaysian International Trade and Industry Minister Rafidah Aziz said yesterday she believed a dispute between Malaysia and Singapore over import restrictions on petrochemical products had been resolved.

"To me, it is resolved," Ms, Rafidah said in reply to queries after an address to 100 senior executives of local and multinational companies on opportunities in Malaysia. "I have explained bilaterally and I have nothing more to say. So whatever Singapore wants to do is its right."

Singapore's Ministry of Trade and Industry has said a licensing requirement imposed by Malaysia last April on imports of polyethylene and polypropylene, which led to a 44 percent drop in Singapore exports to Malaysia, had caused material harm to the local petrochemical industry.

Earlier this month, Singapore sought the help of the World Trade Organisation to settle the dispute after it said it had exhausted all bilateral avenues.

Ms. Rafidah said yesterday Singapore exporters could not get APs (approved permits) because APs are issued only to Malaysian importers.

"I have spoken to your minister, I've written to him and explained to him in quite great detail what it is all about. I have assured him it is for two years, bearing in mind the massive investment required," Ms. Rafidah said.

She was referring to the massive investments required to set up Malaysia's own petrochemical industry.

Although Malaysia had issued APs and they (the Malaysian importers) were allowed to import extra quantities over and above the usual requirements, "they have not been able to import... because the world market is such that the prices of these products are so high. Nobody would like to export them or sell them to some Malaysians.

"Malaysians who are finding difficulty (to buy); it is not because Singapore cannot sell but because Singapore is selling elsewhere," she said.

Asked to comment on Ms. Rafidah's statements, a Ministry of Trade and Industry spokeswoman yesterday said: "Malaysia has agreed to consultations on the issue."

On attracting direct investments, Ms. Rafidah said Malaysia wanted to focus more on non-fiscal incentives.

Cambodia

Sihanouk Calls on KR Leaders To Join Mainstream

BK2401084695 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 23 Jan 95

[Speech by King Norodom Sihanouk at the inaugural ceremony of Svay Don Kev bridge at the common border of Battambang and Pursat Provinces on 23 January—recorded]

[FBIS Translated Excerpt] My reverential respects to the three head monks of Battambang and Pursat Provinces and Phnom Penh City who have honored this ceremony with their presence. [passage omitted]

It is the people who are the owners of the land and water. The United Nations is protecting you and your human rights. The national and international press also supports and serves you within the framework of our new liberal democracy. So the only thing that still stands in our way from achieving 100 percent progress is the Khmer Rouge [KR] problem. As I already told you in Battambang Town yesterday, the problem should be solved as follows:

I, the king father whom the KR children have also considered their father, would like now to beseech His Excellency [H.E.] Khieu Samphan and the KR children to stop fighting and provide the people with security and happiness. As was the case of the Khmer Issarak [Cambodian resistance forces opposing French colonialist] in the 1950s, when the king father, in his crusade for independence, implored them to come back, they came back. After they returned and united with us, we were able to regain our full independence and had plenty of time to rebuild our nation. We all joined hands to create the Sangkum Reas Niyum movement. And after that, others parties, such as the Democratic, Liberal, and Progressive Parties also came back. At that time, Their Excellencies Khieu Samphan, Hu Yun, and Hu Noem did what the Cambodian People's Party [CPP] is doing now. This is why we were able to do everything in the Sangkum Reas Niyum era.

What remains now is the Khmer Rouge problem. So I would like once again to beg Their Excellencies Khieu Samphan, Sin Sen, Ieng Sary—I am not talking about the old man Pol Pot; he should be left aside; he is asked to retire; he is simply asked to retire—and their children to return to our national community. In the 1950s, when the Khmer Issarak came back, all of them, including Dap Chhuon, (Tit Chhay), Chantarengsei, and so on, came back in force. They all came back together.

However, they should respect our constitution if the KR came back. So the KR children listening to me now are informed that we have a constitution that are a product of the people's desire, and that the general elections are held under the correct supervision of UNTAC [UN

Transitional Authority in Cambodia]. So the constitution should not be touched by anybody, including the king. Even King Sihanouk, let alone the KR, is not legally allowed to touch the constitution. If the KR want to return, they should not touch but abide by the constitution. If they want to set up political parties, they are free to do so. Their People's Party can be revived. They can create political parties, but they should think about the people's interests and stop fighting. We will forgive them. Even Pol Pot. We will not harm him. All we want is his retirement and he is free to stay anywhere, except Cambodia. [applause]

[Someone behind says: "There is only one People's Party]. Is there only one People's Party? I'm sorry. I'm sorry. [words indistinct]. I would like to apologize to Samdech Hun Sen, Samdech Chea Sim, and the CPP children, who have been supporting me 100 percent. I'm sorry. I'm sorry. You, the queen, are already aware that your old husband is short of memory, (?so why don't you help remind me?). The CPP belongs to H.E. Samdech Hun Sen and the KR party is the Party of Democratic Kampuchea [PDK]. Samdech Hun Sen and Samdech Chea Sim's CPP are my beloved children and has supported me 100 percent.

Now I would like to make it clear that if the KR return to our national community, their party will be called the PDK. However, I cannot guarantee whether they will be really democratic or not. However, it is asked that they be allowed to come back. They can start up their own newspapers; when H.E. Khieu Samphan was in Phnom Penh [in the Sangkum Reas Niyum era], he ran a newspaper, and he mercilessly and unreasonably criticized the then royal government. As H.E. Khieu Samphan is good at writing in French, he will be allowed to set up any kind of newspaper he want to. Also, the KR leaders can run in the 1998 general elections—the elections are held every five years—if they strive to continue their struggle without weapons. They should stop using guns and resorting to violence because it is against Lord Buddha's teachings. They should use nonviolent and peaceful means. If they use nonviolence, they should be allowed to stand in the 1998 elections. And, if they win a lot of votes, they will have the good chance of entering the National Assembly with others.

I do believe that Prince Krompreah Norodom Ranariddh and Samdech Hun Sen will not object to what I have said. But somehow, the KR should stop fighting, stop using their guns. If they believe in Buddhism as we do, they should use nonviolence.

I would like to conclude my speech here. I am very happy to be with all of you. [passage omitted]

King on Khmer Rouge Issue, Foreign Policy

BK2501060195 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 24 Jan 95

[Speech by King Norodom Sihanouk at a gathering in Battambang Province on 22 January—recorded]

[FBIS Translated Excerpt] [Passage omitted] Many countries have to deal with natural disasters. Our great danger is that Khmer Rouge compatriots have not yet understood and realized the supreme interest vital to our nation.

Thus, I would like to take this opportunity to appeal to the Khmer Rouge, who also consider themselves my children, to stop fighting. Please stop carrying out any acts that are dangerous to our compatriots. For example, our innocent, poor, and ordinary people have been affected in some parts of Battambang and in Banteay Meanchey Province, north of Battambang. Their localities, houses, cattle, paddy, and rice have been burned or damaged. I am very saddened whenever I receive such news. Take the water shortage problem as an example. We are continuing from the Sangkum Reas Niyum era. We are now carrying out this water policy; we can solve this problem. We can replant trees. However, if the Khmer Rouge continue to harass us, it is difficult to carry out some tasks that are of supreme interest and vital to our nation.

This is why, I, who observes Buddha's eight principles, appeal to the Khmer Rouge, not out of disdain and hate, but as children. Please stop fighting and return to society and the nation. The Royal Government, with Prince Krompreah Norodom Ranariddh as first prime minister and Samdech Hun Sen as second prime minister, has clearly told me that my advice, the father of the nation asking for national reconciliation, this advice will be followed although our law stipulates that after the 15th of this month Khmer Rouge compatriots cannot return to society and the nation nor receive any ranks or honors; that ended already. However, the two samdechs have kindly followed my advice—it also is the idea of the two who have pondered the issue at length. Those Khmer Rouge who have awakened and agreed that they have to assist the nation, please return. We guarantee that they will not be prosecuted. However, they are asked to do so sincerely; return to expand and consolidate the movement to reconcile and unite the nation and to rebuild the nation. We should love construction and things that make our nation happy and prosperous. Things that make our compatriots go backward, suffer, and go to ruins are not good. Therefore, the Khmer Rouge will certainly listen to me. From now on and having listened to me, please stop fighting and return to society and the nation. [shout "Long live the father of national reconciliation" followed by applause]

Some Khmer Rouge are now serving in the Khmer Royal Armed Forces with the rank of colonel, major, captain, lieutenant, sublieutenant, and so on. This is good. Some Khmer Rouge have gone back to their farms to be reunited with their families in rural areas. This is good. Some others remain in cities to carry out various tasks or take up various employment. This is good. So, there are no obstacles for the Khmer Rouge. Do not be afraid of being prosecuted. Just return.

As for the call also to be included in the Royal Government, this is difficult because it is against the Constitution. Our Constitution was born of the National Assembly and election. Election means the people are the masters of the land. They have elected parties to represent themselves in the National Assembly and the government. The Royal Government does not belong to the king. The Royal Government means that it is a government within a kingdom because our country's name is the Kingdom of Cambodia. This government comes from the people; it serves the people and is not a king's government. It is called Royal Government only to mean that it is the Government of Cambodia which is a country named Kingdom of Cambodia. It is clear that it is a people's government responsible to the people. The people have thus produced the Constitution for all of us to use. For example, it says the king is the symbol of national independence, sovereignty, and unity; the king rules, but is not in charge of the government. There are people in this administration who are responsible to the people, nation, and history, led by Samdech Chea Sim, National Assembly chairman; Samdech Norodom Ranariddh, first prime minister; and Samdech Hun Sen, second prime minister.

So, the Constitution has been written this way, how can we change it? Therefore, the Khmer Rouge should not impose too stringent conditions, for example saying that some of their leaders should be included in the Royal Government. I cannot help on this point because it is against the Constitution. How I can help is that if you return to society and the nation, I will grant pardons to all of you because the Norodom family, right from the beginning, has been the symbol of national reconciliation, national unity, and grace. It has provided peace for compatriots and steered them away from insecurity toward security and peace. It has made compatriots realize and love what is right and good.

Finally I would like to say a few words about our foreign policy. We are an independent, neutral, and nonaligned country adhering to the Bandung principle of peaceful coexistence. I therefore would like to praise Prince Krompreah Norodom Ranariddh and Samdech Hun Sen for observing this Bandung principle in foreign policy, for example toward the Kingdom of Thailand and the SRV. If we have problems, we hold summit meetings between prime ministers, the foreign minister and his counterpart, to discuss the issues of peace, friendship, and fraternity.

We have successively scored good results. There is no war. If we solve the Khmer Rouge issue through peaceful means, we will (?be more prosperous) in the not-too-distant future because of trade with neighboring countries, such as with the Kingdom of Thailand and with Vietnam—we are not talking about Laos because we and Laos are brothers, there is no problem.

In relations with the world, it is good to follow the path of the Sangkum Reas Niyum. From here, one day when others agree to accept us, we will join ASEAN. ASEAN is the association of Southeast Asian countries that includes the Kingdom of Thailand, Brunei, the Philippines, Indonesia, Malaysia, and Singapore; six altogether. If we join, we will be number seven. This will be good. Because we have said we have to catch up with others in national construction. Once we joined others, those countries that are developed can help us more so that we can catch up quickly with others. There is also the peace factor. Once we are part of ASEAN, there should be no more conflict because we are all members of the same association, almost like a single party. I will not object to this. In the Sangkum Reas Niyum era, we used to be neutral like Switzerland, for example. I agree with the Royal Government to let us be a member of ASEAN. Therefore, children, please be informed.

Apart from some small obstacles, we have solved many problems as our nation and people have demanded. In sum, if we have solidarity and can build a firm base, that is peace and calmness, we can overcome small, big, or medium obstacles to lead our Cambodian nation and motherland, and all of the 10 million of us in the Kingdom of Cambodia, to our sacred goal of civilization and prosperity.

Hun Sen Reaffirms Army Must Defend Constitution

BK2501063395 Phnom Penh AKP in French 0400 GMT 25 Jan 95

[FBIS Translated Text] Phnom Penh 25 Jan (AKP)—The priority of the Khmer Royal Armed Forces [KRAF] is to defend the country's Constitution and legitimate government which are the products of the May 1993 general elections, reaffirmed Second Prime Minister Samdech Hun Sen at the military training school in Battambang Province recently.

Accompanied by Tie Banh and Tea Chamrat, co-ministers of national defense; Sok An, minister of the Council of Ministers office; Ke Kimyan, chief of the Army General Staff, and other generals, the second prime minister took part in the celebration of the creation of the 2d antiguerrilla brigade.

He asked the new military unit as well as the entire Army to get ready to confront any attempt to destroy the Constitution or the Royal Government of Cambodia [RGC]. This is part of the role of the Army, which is duty-bound to ensure the security of the people and defend national independence. In view of one of the articles of the Constitution which stipulates "the Kingdom of Cambodia is an indivisible state," the RGC can no longer allow the Khmer Rouge to resort to secession or exert control over a portion of the territory, stressed Hun Sen.

The Khmer Rouge group, which boycotted the UN-organized general elections, continues to wage a guerrilla war against the government led by Prince Krompreah

Norodom Ranariddh and Samdech Hun Sen. Outlawed by the National Assembly since last July, the rebels were granted, until 15 January, a six-month amnesty extension for them to rally to the government.

Foreign Minister Leaves for Brunei, Indonesia

BK2501072795 Phnom Penh AKP in French 0410 GMT 25 Jan 95

[FBIS Translated Text] Phnom Penh 25 Jan (AKP)—Ing Huot, minister of foreign affairs and international cooperation, left for Brunei and Indonesia on 23 January.

"Cambodia is going to become an entire part of ASEAN, so we should work for the cooperation of countries of the region," Ing Huot told AKP.

On the same afternoon, during a stopover in Singapore, the Cambodian delegation was received by Singapore Foreign Minister Jayakumar.

Shortly after his arrival in Brunei on 24 January, Ing Huot met with his Bruneian counterpart, Prince Mohamed Bolkiah, and then called on His Majesty Haji Hassanal, king of Brunei.

Minister Denies Accusing Thailand on Environment

BK2401031695 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 23 Jan 95

[Report on press communique of the Environment Ministry]

[FBIS Translated Text] Last weekend, His Excellency [H.E.] Li Thuch, under state secretary for the environment, promptly replied to the Bangkok news brief on Thai Foreign Minister Thaksin Chinnawat's criticism.

In his letter to Sakthip Krairoek, Thai ambassador to Cambodia, H.E. Li Thuch stressed that he did not accuse the Thai authorities of destroying Cambodia's environment in his 11 January statement at the Foreign Correspondents' Club in Phnom Penh.

Li Thuch wrote: I have personally spoken to the environmentalists and politicians many times concerning the Khmer Rouge activities that are causing serious destruction to the nation's natural habitat, in disregard of the future of Cambodia's environment or economy.

H.E. Li Thuch emphasized in his letter that he stressed this point in Bangkok last month when he addressed the conference on international environment organized by the Thai environment institute. He wrote: I am very glad to be supported and encouraged by many famous environmentalists, including Dr. Nirat Phanthumranarit, head of the Thai environment institute.

H.E. Li Thuch added: There is no doubt that not only the Royal Government of Cambodia has paid attention to the environmental problems in our country, it has also taken measures to consolidate and enhance the level of intellectual understanding in this regard.

H.E. Li Thuch ended his letter to Ambassador Sakthip Krairoek saying that the Environment Ministry has sought measures to hold a close and meaningful discussion with neighboring countries on the important issue of environment facing this region.

23 January 1995

U.S. Food Aid Said Used To Urge KR Defections

BK2501032095 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 24 Jan 95

[Commentary: "To Provide Further Comfort"]

[FBIS Translated Text] A U.S. military aircraft, a C-141 bringing humanitarian aid in the form of 50,000 food packets, landed at Pochentong Airport at 0830 on 24 January. This is aid from the Clinton administration to the Kingdom of Cambodia.

According to an official at the U.S. Embassy in Cambodia, the humanitarian aid in the form of daily food rations has been prepared and packed for daily consumption by civilians. This aid will be distributed to Khmer Rouge [KR] troops and their families, who have returned to the Royal Government, and also to families of war-displaced refugees. This official also said the 50,000 packets of food is the first batch of about 250,000 packets the U.S. Government plans to provide to the Royal Government. At the end of 1994, His Excellency Charles Twining, U.S. ambassador to Cambodia, distributed food aid and clothing to Khmer Rouge officers and men who returned to society and the nation in Kampot Province.

The current U.S. humanitarian aid is evidence showing that the United States, a signatory of the Paris agreement, is fulfilling its role toward the Royal Government born from free and democratic elections, as stipulated in Annex 5 of the agreement. The arrival of the U.S. aid at this time coincides with His Majesty the King's appeal to compatriot officers and men of the Khmer Rouge, including Khieu Samphan, to stop violence and return to society and the nation in order to take part in the second election in 1998.

Analysts say this support aid is part of the U.S. effort to support the national reconciliation policy of His Majesty Norodom Sihanouk, king of Cambodia. Everyone knows the Khmer Rouge have committed political suicide by excluding themselves since they boycotted and refused to take part in the free and democratic election organized by the United Nations. However, following the revered king's clear-sighted policy and in order to end the suffering, separation, and pain of the people, the Royal Government had been patient and had held talks, secretly and openly, with Khmer Rouge representatives. Unfortunately, because the Khmer Rouge were too ambitious, the Royal Government's efforts did not provide any thing good. This led the National Assembly to adopt the bill to outlaw the Khmer Rouge on 7 July 1994; this law went into effect 15 January.

To this day, according to the king's address at the inauguration of the psychiatric building in Takhmau and at the inauguration of Svay Don Kev Bridge, and as revealed by the National Defense Ministry, the door still seems to be open for Khmer Rouge compatriots as long the latter awaken on time; abandon armed struggle, robbery, and burning destruction; and return to society and the nation under the cool shade of the throne. When returning to society and the nation, these compatriots will not only receive a sincere pardon from the Royal Government but will also receive food assistance from the United States. This will certainly provide further comfort to compatriots both in terms of personal security and daily lives for themselves and their families. This is the happiness of these compatriots' small families and the serenity of our entire society and nation.

Indonesia

Armed Forces Official Comments on Democracy

BK2501005795 Jakarta SUARA PEMBARUAN in Indonesian 23 Jan 95 p 1

[FBIS Translated Excerpt] Surabaya, 23 January—Lieutenant General R. Hartono, the head of ABRI's [Armed Forces of the Republic of Indonesia] Sociopolitical Department, has stressed that there should be no dichotomy in liberal democracy because democracy is a model for voting while Pancasila democracy is a model for reaching a consensus on cooperation through debate. In fact, Pancasila democracy is already considered to be ideal and in alignment with our national objectives and conditions; that is, our country is flexible because of its cultural influences.

The mental attitude of the upholders of democracy is considered the major issue.

It should be seen to what extent the upholders of democracy are capable of bringing about a qualitative and proportional balance between freedom and loyalty within the constitutional provisions and ethics. They should not be unethically ensnared by the Constitution, because this would only create an issue.

The ABRI Sociopolitical Department chief said this in a statement read by his deputy Major General Sabarno to participants in the 20th Congress of the Muslim Students Association in Surabaya on Sunday [21 January].

He said: "National stability, enhanced by the ABRI, allows the opportunity for qualitative democracy to be developed." The development of qualitative democracy can only happen under certain conducive conditions; that is, through Pancasila democracy, which is a model democracy in which consensus is reached through debate but that also directly accommodates and does not discard reaching a consensus through a voting process.

As such, he said, in order to develop liberal democracy by voting and Pancasila democracy by cooperative debate, there should not be any dichotomy. He added that in developing such a democracy one condition must be carried out in a consequential way. Each side must be willing to accept the other's victory. On the other hand, the loser should not point an accusing finger at the winner in an unsportsmanlike manner. [passage omitted]

Aceh Rebel Leader Sentenced to 20 Years in Jail

BK2501024595 Jakarta ANTARA in Indonesian 1835 GMT 24 Jan 95

[FBIS Translated Excerpt] Banda Aceh, 24 Jan (ANTARA)—Tengku Bantakiah T. Khan bin Tengku Hukum, 46, a leader of Aceh GPK [Security Disturbance Movement], was sentenced to 20 years in jail by the court in Lhokseumawe, North Aceh, on Tuesday after he was found guilty of subversive activities.

Two weeks ago, Public Prosecutor Mohamed Sidiq SH [academic title] demanded a life sentence against the defendant. In its verdict, the three-member panel of judges headed by Sartono SH said the defendant was found guilty of having committed subversive activities since July 1993.

The defendant learned from one of his followers that Guru Rahman, another Aceh GPK, was hiding in a forest in Matang Sejuk Village, Lhoksukon, North Aceh, and faced hardships due to the government's security operations. From then on, Guru Rahman, was reported to have held secret contacts with the defendant and discussed subversive activities known as the Free Aceh Movement. The defendant's continued activities were aimed at undermining and overthrowing the government based on the Pancasila state ideology and the 1945 Constitution. [passage omitted]

Laos

Cambodian Foreign Minister Departs 22 Jan

BK2301131695 Vientiane Vitthayou Hengsat Radio Network in Lao 0500 GMT 23 Jan 95

[FBIS Translated Text] In order to strengthen and develop the time-honored friendship and good neighborly relations between the Lao People's Democratic Republic [LPDR] and the Kingdom of Cambodia, and to show the desire to increase mutual understanding and lasting cooperation between the two countries for the prosperity and wealth of the two countries and for peace, stability, and cooperation in Southeast Asia, a ceremony was held on the morning of 22 January at the Government Guest House to sign a memorandum on Lao-Cambodian cooperation. His Excellency [H.E.] Somsavat Lengsavat, foreign affairs minister of the LPDR, and H.E. Ing Huot, Cambodian minister for foreign affairs and international relations, signed the agreement in the presence of many high-ranking officials from both sides.

Under the memorandum, the two sides agreed to exchange views on bilateral cooperation regarding regional and international issues involving the interests of the two sides and to coordinate activities in the regional and international arenas on the basis of mutual respect for each other's independence, sovereignty, and territorial integrity.

To achieve these goals, the two sides agreed to hold an annual meeting at the minister or deputy minister level in either Vientiane or Phnom Penh. Based on the above-stated obligations and tasks, the two sides pledged to make ardent contributions to strengthen and expand the relations of friendship and cooperation between the two countries. The two sides are prepared to promote cooperation among the various departments of the two Foreign Affairs Ministries through contacts and the exchange of views on issues of mutual concern with a view to increasing mutual understanding and contributing to consolidating peace and cooperation in the interest of cooperation and development in this region and the world. At the same time, the two sides will encourage each other to send delegations to participate in international forums, such as UN sessions, meetings of the Nonaligned Movement, and regional and international conferences, and to exchange views for the sake of mutual interests. The two sides will cooperate closely in various fields, such as training diplomatic personnel, exchanging information, and organizing seminars.

Following the signing ceremony, H.E. Ing Huot gave an interview to the Lao media regarding the excellent success of the talks between the two sides. He said the two sides pledged to stand shoulder-to-shoulder and cooperate with each other in striving to become full ASEAN members in the future.

On the same morning, H.E. Ing Huot, Cambodian minister for foreign affairs and international, left Vientiane for home along with his delegation. Foreign Affairs Minister H.E. Somsavat Lengsavat and many senior Lao officials were on hand at Wattai Airport to see the delegation off.

Philippines

Official Panel Rejects U.S. Open Skies Policy

BK2501063995 Quezon City PTV-4 Television Network in Tagalog 0500 GMT 25 Jan 95

[FBIS Translated Text] Philippine representatives to the new air agreement being formed with United States immediately stressed their objection to the open skies policy in the opening of second round of negotiations on R.P. [Republic of the Philippines]-U.S. Air Agreement in Cebu City. The Philippine panel is headed by Transportation Secretary Jesus Garcia. They expressed determination to dump the former air agreement approved in 1982 where the Philippines was placed at a disadvantage because of the open skies policy.

EAGA Members Agree on Open Skies Policy

BK2501072295 Quezon City Radio Filipinas in English 0230 GMT 25 Jan 95

[FBIS Transcribed Text] Member countries of the Brunei-Indonesia-Malaysia-Philippines East ASEAN—or Association of Southeast Asian Nations—Growth Area, or the EAGA, have agreed in principle to adopt an open skies policy within the region. Joop Ave, minister of tourism, post, and telecommunications of Indonesia, told reporters that the (?strategists) of EAGA-member countries agreed to implement the liberal air policy to push for EAGA's goal for economic cooperation. Mr. Ave claimed that with this policy in place, EAGA will move much faster than APEC [Asia-Pacific Economic Cooperation], or AFTA, or ASEAN Free Trade Area.

Under an open skies system, designated areas of member countries will be unlimited access, or have unlimited access rather to any point in the growth area. Our government's effort to cancel the open skies provision with its air services agreement, or ASA, with the United States can also agree to go along with other EAGA countries in adopting the liberal policy in the region [sentence as heard].

Ramos Supports Indefinite Extension of NPT

BK2501074195 Manila MANILA STANDARD in English 21 Jan 95 p 2

[Report by Joem Macaspac]

[FBIS Transcribed Text] The Ramos government will support the indefinite extension of the international treaty against the proliferation of nuclear weapons.

Mr. Ramos told palace reporters that the Philippines will vote for the extension of the Nuclear Non-Proliferation Treaty (NPT) during a meeting of the signatory states in New York this summer.

The signatories to the treaty are scheduled to meet at the United Nations Headquarters in New York from 17 April to 12 May, to decide whether the Treaty shall continue in force indefinitely, or be extended for an additional fixed period or periods.

In preparation for the meeting, the Department of Foreign Affairs [DFA] undertook a policy study on the issue and consulted with the National Security Council and the Department of National Defense.

"The resulting recommendation is to vote for indefinite extension," Foreign Secretary Roberto Romulo said in a report to the president, who approved the position taken by the DFA.

Romulo said an indefinite extension would provide a more stable and predictable future for the world whereas the extension for fixed periods would create uncertainty due to the possibility of termination at the end of the extension period.

"Stability of regime will best serve Philippine interests vis-a- vis NPT; uncertainty will not," he said.

Romulo said that an indefinite extension would allow the NPT to continue providing the foundation and framework for disarmament, "it being the only multilateral agreement in the world where NWS or Nuclear Weapons States commit themselves to pursue negotiations in good faith towards cessation of the nuclear arms race, nuclear disarmament as well as general and complete disarmament."

Singapore Trade Minister Urges 'Deepening' Ties

BK2501101095 Singapore THE STRAITS TIMES in English 24 Jan 95 p 14

[By Nirmal Ghosh in Manila]

[FBIS Transcribed Text] Minister for Trade and Industry Yeo Cheow Tong, citing Singapore's policy of looking outwards for new economic opportunities and synergistic partnerships, said yesterday that the time was ripe for deepening the relationship between Singapore and the Philippines.

Speaking at a dinner hosted by the Makati Business Club, he said the Philippines looked set for a period of sustained growth into the next century.

Mr. Yeo, who is here on a five-day trade and investment mission, noted that the Philippines was also "achieving success in gradually moving away from its dependency on the Western economies."

"This is largely due to the Philippine Government's farsighted policy of focusing mainly on plugging into the dynamism of the Asia-Pacific region, which is set to become the world's engine of economic growth."

He said the objective of the trade and investment mission was to build up a comprehensive web of business relationships through more extensive strategic linkages that would complement the two countries' strengths, talents, and resources.

"Let me emphasise that this mission is just the tip of the iceberg," he said.

The mission was organised by the Economic Development Board and Trade Development Board.

Mr. Yeo earlier called on President Fidel Ramos at the Malacanang Palace.

He was accompanied by Singapore's ambassador to the Philippines, Mr. Tan Seng Chye; Mr. Peter Seah, president and CEO [chief executive officer] of Overseas Union Bank; Mr. Loh Wing Siew, chairman of Subic Shipyard and Engineering Inc.; Mr. Sim Kee Boon, chairman of Keppel Corporation; and Mr. Tang Kin Fei, managing director of Sembawang Projects Engineering.

Members of the 34-strong mission are scheduled to hold discussions with senior Philippine officials and business leaders in Manila, Subic, and Cebu.

Earlier, in an exchange of views among themselves about doing business in the Philippines, delegates—representing a range of interests from logistics to infrastructure and financial services—discussed regulations, labour codes, infrastructure, and worker productivity and quality.

Enrile Says Country Free From 'External Threat'

BK2501054195 Manila PHILIPPINE DAILY INQUIRER in English 21 Jan 95 p 3

[Report by Cynthia D. Balana]

[FBIS Transcribed Text] San Miguel Naval Station, Zambales—Armed Forces Chief of Staff Gen. Arturo Enrile yesterday said the country is now free from any external threat as neighbors with bigger armed forces are busy building up their economies.

However, Enrile said the AFP [Armed Forces of the Philippines] must take advantage of this opportunity by retraining its men to prepare them in case the era of adventurism returns.

"I don't think any country would like to go to war now," Enrile said at the 137th naval officers' qualification course graduation.

"The possibility of engaging in a conflict with other nations is nil at this time but our thrust as contributor in national development is equally important and demands an enhanced naval capability."

He cited the efforts of China, which has the biggest armed forces in the world, to build a powerful economic base and at the same time honing the skills of its military.

In the absence of an external threat, Enrile said steps are being undertaken to restore the Navy's capability to sail the oceans of the world.

"We do not foresee the Philippine Navy to have blue-water capability overnight. What we are working on initially is to restore its credibility as the country's guardian of the seas," Enrile said.

"We look forward to probably a green-water Navy, good enough to reach out to borders and defend the country against intruders." * He said the Navy will have priority in the AFP's 15-year modernization program as stipulated in a proposed bill now being heard by the Senate.

The modernization program allocates about P[Philippine pesos] 90 billion for the acquisition of new ships, modern navigational equipment and the construction of naval facilities.

The recent sale of Fort Bonifacio for P39 billion to a foreign consortium will translate to more funds for the Navy, Enrile said.

At present, the AFP is busy with its Unlad Bayan [Community Improvement] campaign program which included enforcement of maritime laws, security patrols in the 20-mile exclusive economic zone, rescue operations during maritime disaster, restoration of marine life and other activities that will make the seas secure, clean and bountiful.

Enrile asked Navy officers to sustain their youth and idealism so they could weather turbulent waters and "not abandon ship."

He told them their training was at par with regional navies, particularly in terms of naval defense equipment and assets.

Development Bank Offers Environment Loan Program

BK2501082995 Manila BUSINESS WORLD in English 23 Jan 95 p 17

[Report by Elisha R. Garcia]

[FBIS Transcribed Text] The Development Bank of the Philippines (DBP) and the Kreditanstalt fur Weideraufbau (KFW) of Germany has made available a total of P[Philippine pesos]160 million in loans for environmental enhancement projects and another P16 million as technical assistance to small- and medium-scale manufacturing firms that particularly invest in environmental-friendly projects.

KFW is one of two of DBP's foreign sources of loans which are extended to small- and medium-scale enterprises that need to acquire capital goods and services from other developed countries. The other one is the Swiss Federation, a consortium of Swiss banks, which locally offers similar on loan facilities as the KFW.

In a speech at the first environmental and pollution management and technology conference, DBP chairman Alfredo C. Antonio said the bank is offering incentives under its lending programs like concessional interest rates as well as less restrictive loan conditions for environmental projects, particularly those under industrial support expansion programs.

Furthermore, the projects will not be subject to the credit limit of P99.99 million for regular loans while technical assistance will be made available without any cost to the borrower.

The possibility of giving interest rebates for projects able to meet pre-arranged environmental goals are also being studied. Prearranged environmental goals include emission and effluent limits, employment of environmentally sound production processed and the adoption of health and safety assurance systems, among others.

The interest rebate scheme, Mr. Antonio said, presupposes an agreement between the borrower and the DBP with appropriate solutions provided in the contract. The interest rebate scheme, furthermore, will involves self-monitoring of environmental performance and the validation of the environmental statement by an independent auditor.

With the availability of the funds, it is hoped that the first project under the lending scheme will be approved this year. Assisting the bank is the Environmental Management Bureau of the Department of Environment and Natural Resources (EMB-DENR) and other concerned agencies of Government.

Recently, the DBP and the EMB signed a joint memorandum of agreement with companies involved in the production of cement, paper, textile, semiconductors and metal working declaring a moratorium allowing these companies to continue operating inspite of their inability to meet anti-pollution standards. This is, provided that they come up with connective measures within a specific time frame to enable them to comply with existing regulations.

On the other hand, the bank has been able to expand the number of pilot tests in the companies in the forementioned industries that have met success in reducing pollution through technical assistance and grants from abroad.

Thailand

Further on Visit by Finnish President

Holds Press Conference 24 Jan

BK2501074995 Bangkok THE NATION in English 25 Jan 95 p B4

[FBIS Transcribed Text] Martti Ahtisaari, President of Finland gave assurances that the growing volume of internal trade within the European Union (EU), of which Finland is a recent member will not upset trading relations between Thailand and Finland.

Speaking at a press conference at the Oriental Hotel, Bangkok yesterday, he said that Thailand, during recent years, has become one of Finland's most important trading partners in Asia. In 1993, Thailand was the second largest market for Finnish exports in Asia, immediately after Japan.

He said that joining the EU early this year was essential for Finland's export industry and for its economy in general. As much as 60 per cent of Finnish exports go to the single European market, but at the same time the Finnish industry will operate globally, he said. Asia, and especially Southeast Asia, is of great importance to Finland and Europe, he reinforced.

Furthermore, Ahtisaari said that Thailand has requested that Finland increase Thai imports and there was a positive response from Thailand regarding a request for an increase in the number of flights between the two countries. Both agreed to further discuss the request.

However, both countries acknowledged that Finland's population is only five million. So, the concept of Gateway was discussed.

Similarly, Finland is able to provide a gateway for Thailand to enter the new "Northern Europe," which now comprises not only the Nordic countries but also the western parts of Russia and the Baltic republics, which offer future market potential to Thai businesses. The overall population of the area is about 70 million, according to Ahtisaari.

The scholarship and training programmes between the two countries, he said, are examples of the excellent mutual cooperation and both sides are satisfied with the results. A proposal has been made by the Finnish Confederation of Industries and employers to extend further scholarships to Thais, particularly in the areas where there is joint development activity.

He added that it is very important that the scholarship programme be utilized to make it possible for young Thai industrialists to visit Finland and acquaint themselves with the technological activities in the country.

Moreover, he said that recent changes in the geoeconomic and geopolitical location of Finland have created new business opportunities for overseas companies there. Finland's membership in the EU means that, through Finland, foreign companies now have unlimited access to a hugh single market for nearly 400 million people.

In addition, Europe and Asia, and in particular the EU and the Asean region, have developed an interdependence of great value also on a global scale. This enhances security, development, the economy and human rights. As a new member of the EU, Finland encourages intensified cooperation with Asia, he said.

Speaks on WTO, Trade With EU

BK2501043395 Bangkok THE NATION in English 25 Jan 95 p A2

[FBIS Transcribed Text] Finland's President, Martti Ahtisaari, yesterday reaffirmed his country's policy of opposing any attempt to link labour practices and environmental standards to trade policy.

"We certainly support efforts to improve labour standards and standards of environmental protection, but we remain firmly opposed to attempts to turn these efforts into protectionism of one sort or another," Ahtisaari said in a prepared speech yesterday at a seminar titled "Thai-Finnish Economic Partnership and High Technology from Finland".

Ahtisaari did not say Finland would oppose any initiative by the European Union to incorporate labour and environmental issues in the trade sphere, but his statement on these issues came as Asian countries, especially Asean, have been drumming up a campaign against such linkage in the newly-formed World Trade Organization and in their bilateral talks with the EU.

The Finnish president attended the seminar, which concluded yesterday, as part of his two-day visit to Thailand, the first by a Finnish president. He next destination is Malaysia.

At present, there is no official stance among EU members on linking EU trade policy with environmental standards and labour practices. An official at the Bangkok-based European Union Commission said that such a policy remains at the national level. An official source said without elaborating that it was expected that the EU would eventually take a more critical stance on the issue.

According to the official, Finland, which became the latest member of the EU this month, has the luxury of not linking trade with labour and environmental standards because the EU official stance on the matter has not been completed. However, he said that Finland is expected to adjust its stance to be more in line with EU trade policy.

Traditionally, the EU has a more critical stance than the Nordic countries regarding this issue. However, since a ministerial meeting between the European Union and Asean last September, the EU has softened its stance and begun emphasizing ways to improve trade with Asean.

Finland's stance, as well as that of the other Nordic countries of Norway, Sweden, Denmark and Iceland, was understandable considering the high trade volume between the group and Asian countries, in particular Thailand, the same official said. All Nordic countries with the exception of Norway are EU members.

According to President Ahtisaari, Thailand has become one of Finland's most important trading partners in Asia. He pointed out that in 1993, Thailand was the second largest market for Finish exports in Asia, immediately after Japan. Although Finish exports to Thailand fell by half in 1994, the president said he was confident that bilateral trade would expand in the future.

He also assured that the predicted high volume of growing trade among EU members would not come at the expense of non-EU members such as Thailand.

Departs for Malaysia 24 Jan

LD2401193795 Helsinki Suomen Yleisradio Network in Finnish 1700 GMT 24 Jan 95

[FBIS Translated Text] President Martti Ahtisaari today ended his visit to Thailand and traveled to Malaysia, where the first visit by a Finnish president is about to begin. Before leaving Bangkok, Ahtisaari met local businessmen and assured them that Finland is still a firm supporter of free trade as a member of the European

Union [EU]. This assurance was probably especially fitting in Thailand because the Thai Government is of the opinion that the EU has treated Thailand worse than the other countries in the area in abolishing trade limits. It has been seen that the background to this is that some EU member countries are on the side of their former colonies. Thailand is the only country in Southeast Asia that was never under a colonial power.

Editorial Opposes Increased U.S. Interest Rates

BK2501094495 Bangkok BUSINESS DAY in English 25 Jan 95 p 11

[Editorial: "Now is not the time to raise US interest rates"]

[FBIS Transcribed Text] What can possibly happen next, investors in Thai equities are entitled to be asking themselves. And they are. To a hard-core of initial margin speculators who last week engaged in an ill-advised bargain-hunting binge, nothing seems beyond the realms of possibility at the moment. An asteroid slamming into the Sinthorn Building? Compulsory contributions from brokers to prop-up the market Ruam Pattana Fund style? Some new political crisis?

After the widely predicted rally on the SET [Stock Exchange of Thailand] late last year failed to materialize, things have rapidly gone from bad to worse. The bad news for interventionists is that virtually all of the contributory factors are beyond the control of Thai administrators.

Rising interest rates in Thailand's key US export market have been acting as a big dampener on local sentiment, as the US Federal Funds Rate has been driven up 2.5 percent to 5.5 percent.

Then came the Mexican currency crisis. Now a further tightening of global liquidity as Japanese funds abroad are brought home to finance a huge reconstruction programme looks set to put a new squeeze on SET share prices.

The mid-term prognosis for equity investors does not look good, and the outcome of the Federal Reserve meeting next Tuesday [31 January] will have an even more pronounced effect on Thai share prices than before the Japanese tremblor. At home, short-term promissory notes are now poised to make a return as the investment instrument of choice.

The Thai Bankers Association has already warned that if US rates go up again, Thai commercial bank borrowing rates will have to follow suit. At least a 0.25 percentage point rise in the minimum retail rate to 12.5 percent now looks a distinct possibility early next month. This would suck yet more money out of the SET, which in any case has already been bled white.

There was further evidence that the US economy is still failing to respond to a higher cost of money, when on Friday December housing-starts obstinately showed a month-on-month one percent increase.

But with turbulence on world financial markets, the US central bank may decide to look beyond purely domestic indices when weighing up the desirability of yet another round of rate rises.

It typically takes 12 months for higher interest rates to feed through into slower growth. But with the Japanese disaster now acting forcefully in its own right to tighten liquidity—to what extent is still unclear with repair bill estimates ranging from US$40-100 billion, there is a real danger that acting against inflationary pressure could choke off for good the economic recovery America is enjoying.

Closer to home, in the run up to the Fed meeting, local money market watchers need to keep a sharp eye on this weekend's meeting of central bankers in Hong Kong and any recommendations made there. How much money the Bank of Japan supplies to commercial banks there will also have a bearing on the meeting in Washington.

The US$5 billion injected yesterday by the Japanese central bank will be neither acceptable or sustainable for long, if foreign exchange speculators are not to switch their attention to the yen, triggering a whole new round of instability in global money markets.

In his position as arbiter of monetary policy in the world's largest economy, Alan Greenspan must take a deep breath, before holding steady on rates for the time being in the long-term interests of all.

ASEAN Urged To Press for Suu Kyi's Release

BK2501044895 Bangkok THE NATION in English 25 Jan 95 p A6

[Editorial: "ASEAN's Pressure on Slorc Can Help Suu Kyi's Freedom"]

[FBIS Transcribed Text] Aung San Suu Kyi's struggle for a free Burma continues. The Burmese opposition leader, still in the dark about her freedom since the term of her house arrest officially expired two weeks ago, issued a rare public statement, through her husband, seeking to kill all rumours about any "secret deals" being made with her captors—the military junta calling itself the State Law and Order Restoration Council or Slorc.

"I adhere to the principle of accountability and consider myself at all times bound by the democratic duty to act in consultation with colleagues and to be guided by the aspirations of those engaged in the movement to establish a truly democratic political system in Burma," Suu Kyi said.

"I remain dedicated to an active participation in this movement," she added.

The Slorc, which has confined the Nobel Peace laureate without any official charge or a trial, devised, amended and interpreted retroactively a security law which permits her to be held under house arrest for up to five years. Last July, the military junta made another change and also applied it retroactively to prolong her confinement for one more year, with six months' written notice at a time.

Last week, hopes for the imminent release of Suu Kyi faded as the Slorc said the leader of the National League for Democracy (NLD) would be freed only when a constitution now being written is complete. This was confirmed by Thai Foreign Minister Thaksin Chinnawat, who told reporters after returning from an official trip to Burma that the Slorc "will not release her until the constitution is complete". Observers believe it could take at least three years before the drawn-out constitutional process reaches a conclusion.

Slorc itself has given hard-to-swallow excuses that "domestic stability takes priority" and Suu Kyi's release "might encourage dissidents to cause domestic disruptions".

So what is the current reality in Burma? If we are to believe the official Asean line that things are getting better there, then it is high time we started having second thoughts in the light of Asean, Japan, certain European governments and Australia cozying up to the Rangoon military junta.

The harsh fact remains: The Slorc suppressed democratic voices through the murder of more than 3,000 people in 1988 and continues to refuse to cede power to the pro-democracy parties led by Suu Kyi's NLD, which won an overwhelming majority of the contested seats in the national elections held in 1990. Yet the Slorc claims it is committed to national reconciliation by pointing to constitution-drafting undertaken by a so-called national convention.

In its latest report on Burma, the London-based Amnesty International painted a gloomy picture. Despite the officially reported release of more than 2,000 political prisoners since April 1992, Amnesty said political detention in Burma continues to be a major tool of repression used by the Slorc. Hundreds of political prisoners arrested since the prodemocracy movement began in 1988 remain in detention, including more than 50 prisoners of conscience. Also, 28 members of the 1990 parliament-elect, most of whom were arrested in late 1990, are still in detention.

The 89th conference of the Inter-Parliamentary Union (IPU) recently noted that the Slorc was guilty of the world's most serious human rights violations against parliamentarians. In fact, 50 per cent of the IPU's workload has been devoted to cases of imprisoned Burmese parliamentarians.

Under the pretext that "we in Asean do not interfere in the internal affairs of a neighbouring state," many Asean governments, Thailand included, are more than willing to bend over backwards to whitewash the atrocities committed by the Slorc against the Burmese people.

It is important to point out that the policy considerations of the governments of Asean with regard to Burma, do not necessarily reflect the opinions and positions of the citizens of the regional grouping. The people of Asean are in solidarity with Aung San Suu Kyi and the Burmese people's struggle for democracy.

Diplomatic engagement can only bring progress when the governments doing the engaging drive tough bargains and insist that their terms be met. Asean's constructive engagement has been to the contrary—and has been used as a quick way to rake in profits at the expense of the Burmese people.

However, it is not too late for Asean to change. In order to erase the disturbing question mark over the regional grouping's moral conscience, Asean must call for the unconditional release of Aung San Suu Kyi and all political prisoners. The diplomatic dissimulation that internalizes human rights abuses as all in the family has to stop. Aung San Suu Kyi and Burma can be free if Asean turns the screws on the Slorc.

Chuan Urges Study on Submarine Acquisition

BK2501043095 Bangkok THE NATION in English 25 Jan 95 p A1

[FBIS Transcribed Text] Prime Minister Chuan Likphai declared yesterday his government will take into account its budgetary priority on education when considering the Navy's ambitious plan to buy two submarines.

In a statement that cast new doubts on the [Thai baht] Bt15 billion project for which the Navy has been pushing relentlessly, Chuan acknowledged the need to enhance Thailand's defence capability, but said careful study is required to determine if the security situation really warrants submarine acquisition.

"The Navy has to protect Thailand's waters, and the government is ready to support it in acquiring weapons, but whether submarines are needed is another matter. We have to consider which is the priority," Chuan said after the weekly Cabinet meeting.

He said the project has not yet been forwarded to the Cabinet for consideration, and urged the officials concerned should not publicly talk about the issue, which he believes should be discussed at the policy-making level.

Asked whether the government will give priority to military development or rural development, the prime minister said: "We give them equal priority. We cannot ignore one or the other, but in the next fiscal year, the government will concentrate on educational development, so we have to give more funds to education. We will continue supporting the military, but submarine purchase is a big issue that needs budget commitment. We have not yet considered it".

Budget Bureau chief Bodi Chunnanon said the submarine project is expected to be considered by the Cabinet next week. He added that his bureau had proposed that the Cabinet consider whether the country could afford to buy the submarines, judging from the current national financial status.

"The purchase needs a large sum of money and will cause debts for years," Bodi said, adding that the Budget Bureau has already given advice to the Cabinet to that effect.

He said the bureau's comments to the Cabinet focused on the need from and benefits in purchasing the submarines. Funds, budget commitment and the Navy's other weapon purchase projects also should be considered.

"The important point is to consider whether our country is in a situation that can afford to buy submarines because this is a pricey project and will cause debts for years."

He said it's too early to discuss whether the Navy should buy submarines through a counter-trade system.

Earlier, Bodi said public money should be spent on more useful projects, such as those involving rural development, and that the Navy should submit a more useful project for consideration.

Deputy Finance Minister Amnuai Patise also has said that the government must give priority to other development projects, and in particular education. However, Navy Commander Prachet Siridet has reiterated the need to acquire submarines, citing national security. He said budget for the submarine project has nothing to do with rural development because the funds are part of the military budget.

Adm [Admiral] Prachet denied that some officers stand to gain personally from the project, and expressed confidence that the Cabinet will approve the scheme for the sake of national security.

Defence Minister Wichit Sukmak said yesterday agencies concerned are gathering information to submit to the Cabinet. He said the Cabinet had to consider carefully whether submarines are really needed.

Adm Uran Mongkhonnawin, commander of the Royal Thai Fleet, said it's not unusual if the Cabinet rejected the submarine project, and other countries, including the United States, face a similar problem.

"We have to act in accordance with government policy," he said.

Cabinet ministers yesterday declined comment on the issue. Deputy Interior Minister Phairot Losunthon said he believes there will be no problem with the submarine project.

He declined to directly comment as to whether Thailand should have submarines. He said he couldn't say that it was improper to use taxpayers' money to buy submarines because it would make him an enemy of the Navy.

Deputy Finance Minister Amnuai said he knows nothing about the Navy, but would comment if asked about farmers.

Deputy Education Minister Sarit Santimethanidon said it should be considered whether the project would benefit the country. However, he said it's difficult to analyze military benefits and that the country had benefitted from the Air Force's purchase of F-16 fighters in terms of national security.

Foreign Ministry To Upgrade Diplomatic Missions

BK2401054995 Bangkok THE NATION in English 24 Jan 95 p A7

[FBIS Transcribed Text] The Foreign Ministry will upgrade its diplomatic missions throughout the world and increase the number of embassy and consulate staffers in countries with large numbers of Thai nationals, Foreign Minister Thaksin Chinnawat announced.

Thaksin said the Foreign Ministry's current allocation of manpower at its embassies and consulates was based on outdated information that did not reflect Thailand's changing priorities and national interests.

The move is part of Thaksin's agenda to raise the foreign ministry's profile in today's economic-oriented diplomacy.

At a recent seminar of senior Foreign Ministry officials in Phatthaya, the ministry came up with a set of initiatives to improve human resource development to increase both the quantity and the efficiency of its staff. One of the initiatives is to set up a working committee to handle the allocation of staff.

"The Foreign Ministry will increase the number of personnel in countries with a large presence of Thai nationals, therefore ensuring that embassies and consulates have a greater capacity to protect them and give assistance when needed," the foreign minister said.

Currently there are about 120 embassies and consulates abroad. Mainly in countries that Thailand has trade agreements with and those which also have special importance, like the United State, Japan and Malaysia, where there are separate consular offices, apart from an embassy.

Thaksin cited as an example the consulate in Osaka, which has only four officials. The small number of officials could not provide adequate assistance to Thais affected by the earthquake in Kobe last week, he said.

The minister said he had also instructed the missions in Japan to try to negotiate for the return of illegal Thai immigrants who wanted to return home.

He said the increase in staff would be gradual and would not require much of an extra budget, as the ministry had taken it into account when preparing its proposed 1996 fiscal budget.

Thaksin said he was pushing for the establishment of a consular affairs department to oversee all Thai diplomatic missions.

Policies and decisions concerning consular matters, including the interests of Thai overseas, were currently being looked after by one of the ministry's deputy permanent secretaries and being implemented through the ministry's Passport Division, which had to deal with a host of problems, apart from being a passport service.

Meanwhile, Permanent Labour Secretary Sawai Phrammani said he had been told by the labour counsellor at the Thai Embassy in Tokyo that there were no further reports of Thai casualties from the recent earthquake.

Sawai defended the labour counsellor in Tokyo against criticism, which claimed that he had not done enough to help Thai nationals in the aftermath of the earthquake, saying he believed all Thai Embassy and consulate staffers had done their best to help affected citizens.

Effect of Law of Sea on Fishing Industry Noted

BK2501045095 Bangkok BANGKOK POST in English 25 Jan 95 pp 1, 8

[FBIS Transcribed Text] Thailand is bound to lose 300,000-500,000 nautical square miles in fishing grounds when the United Nations Convention on the Law of the Sea of 1982 is fully implemented by its signatories, said a senior government official. Plotprasop Suratsawadi, director-general of the Fisheries Department, said the law was "a mess" and caused a lot of trouble for Thailand.

"Between 300,000 and 500,000 nautical square miles of fishing grounds were lost, 24,000 Thai fishermen were arrested and 2,000 boats seized so far," he told a seminar on the Law of the Sea at Chulalongkon University yesterday.

The law came into force when the 60th state ratified it on November 16, 1994.

It extends the area of the world's oceans under state jurisdiction from three to 12 nautical miles out to sea; for up to 200 miles in respect of fisheries and other economic activities, and to a limit of 350 miles over continental shelves (and generally to the mid-point in the case of overlapping national claims).

Countries extended their claims to 200 miles long before the law came into force at the end of last year, many of them arresting foreign fishermen in the area and sometimes confiscating their boats.

Thailand was active in the first drafts of the law and has signed the law, but today remains uncertain of the pro and cons of ratifying it. Experts still have diverging views and the public has limited information on its content.

The translated version of the law is expected to be presented for debate at the House in the near future.

Some experts support ratification of the law.

Wichan Sirichai-ekkawat of Sirichai Fisheries Ltd, a representative from the fishing industry at the seminar, admitted that Thailand had lost major fishing grounds under the law, but the country should ratify the law and use it as a framework to protect Thai fishermen and settle disputes.

He said all states should strictly abide by the law, especially the clauses on the right to passage and the right to protection.

The law reads that states are to "promptly release" foreign fishermen found operating in their waters and confiscation of boats is not permitted.

"There are currently 2,000 Thai fishing boats which can be considered as operating in other states' waters," said Mr. Wichan.

"We should ratify, if all our neighbours abide by the law," he said.

Mr. Plotprasop commented that while he did not believe Thailand could benefit from resources in other states' waters, he said ratification of the law will help improve the image of Thailand's fishermen as the "bad guys."

Under Article 61 of the law, states are bound to compile an inventory of its resources and under Article 62, states can come into agreement to exploit unused resources in other states' waters.

"I don't believe any state would want to allow another to exploit even their untapped resources," said Mr. Plotprasop .

Wisut Tuwayanon, deputy director-general of the Treaties and Legal Affairs Department, Foreign Ministry, who was involved in the first drafts of the law, said changes have been made to the document to the disadvantage of developing countries.

He cited the clause concerning deep-sea mining, which no longer binds countries to technology transfer and the payment of U.S. $1 million per year to the Deep-seabed Authority as royalties for all party states, since these resources are considered "the common heritage of mankind".

Also cited was the clause on "regional regulations" and "biological unity" to regulate fishing in the high seas and fishing migratory species, such as tuna, a traditional domain of the more technologically advanced states.

Also problematic is the dispute settlement mechanism which, unlike the World Court, allows the law of the sea court to accept complaints from one side and rule on the dispute even without the other party's participating in the process of dispute settlement.

"The law is very dangerous for Thailand. There are many hidden clauses," said Mr. Wisut.

* Current, Planned Microelectronics Production

95SE0063A Bangkok THAN SETTHAKIT in Thai 20-23 Nov 94 pp 72-73, 66

[FBIS Translated Excerpt] [Passage omitted] Thailand still lacks the technology to produce very large integrated circuits. Thus, we have to rely on help from other countries in transferring this technology. It should be possible to cooperate with organizations in other countries, that is, with universities or organizations that are experts in the field of microelectronics in developed countries such as the United States.

Another thing that must be considered in studying and developing microelectronics in Thailand is the lack of personnel who are experts in the field of Si processing. We may be able to solve the immediate problems by starting to study and develop certain important production processes such as photolithography (the process of wafer fabrication using photographic techniques). Once we gain greater expertise and have sufficient personnel and budget funds, we can then expand this and turn it into a production chain.

In short, the strategy for conducting research and developing microelectronics in Thailand should focus on:

1. Promoting cooperation between the public sector and the domestic private-sector units concerned.

2. Cooperating with universities or organizations with expertise in the field of microelectronics in the developed countries.

3. Studying and developing certain important production processes.

The Formation of the Microelectronics Research and Development Center

(Cooperation between NECTEC [National Electronics and Computer Technology Center], the universities, and the private sector)

4.1. Background

As explained above, the establishment of a center for the study and development of microelectronics technology should stem from cooperation between the public sector and various units, including private-sector units. There are three units that can participate in this program:

1. The National Electronics and Computer Technology Center, Ministry of Science, Technology, and Environment.

2. Various universities that have expertise in semiconductor technology, such as the Latkrabang campus of the King Monkut's Institute of Technology and Chulalongkon University.

3. Private sectors engaged in microelectronics activities, such as the Submicron Technology Company Ltd.

The National Electronics and Computer Technology Center (NECTEC) is subordinate to the National Science and Technology Development Office, Ministry of Science, Technology, and Environment. This is a state unit, but it is administered in accord with the Science and Technology Development Act.

Since 1986, NECTEC has participated in the ASEAN-Australia Economic Cooperation Program (AAECP), which is involved in studying and designing integrated circuits. Besides this, since 1988, university budget funds totaling approximately 27 million baht have been used in studying and designing integrated circuits. In May 1994, a microelectronics laboratory was established at NECTEC. This will serve as Thailand's microelectronics center. NECTEC has many researchers skilled in design, but it lacks researchers skilled in Si processing.

The Latkrabang campus of the King Monkut's Institute of Technology has an electronics research center with the capability to produce CMOS type integrated circuits. But the integrated circuits produced are large (gate size is approximately 20 microns) and simple. The electronics research center has several researchers who are experts in the field of Si processing.

The Submicron Technology Company Ltd. is a private company that is making plans to build a plant to produce 0.5 micron CMOS-type very large integrated circuits. The company plans to reduce the size of these large integrated circuits to 0.35, 0.25, and 0.18 microns so that it can compete on today's markets. The company still lacks the capability to carry on technological research and development, and it needs many more people for the production chain at its plant. This company will have to cooperate with government units in carrying on technological research and development in this field.

4.2. Objectives

4.2.1. To have NECTEC, universities, and private companies jointly establish the Thailand Microelectronics Center, or TMEC, with a portion of the funds coming from the Thai Government and the rest coming from the private sector.

4.2.2. To conduct studies and develop a very large integrated circuit prototype using high and modern CMOS technology, that is, circuit lines less than 0.5 microns in size. This must be done through joint cooperation with both domestic and foreign organizations.

4.2.3. To produce people who are experts in microelectronics technology, that is, people who are experts in both designing and fabricating very large integrated circuits.

4.2.4. To have this serve as a center for examining and gathering various designs of large integrated circuits designed by universities and private-sector units in order to use these in production.

4.2.5. To have this serve as a microelectronics center for universities and private-sector units.

4.3. Form and operations

4.3.1. General administrative structure:

There will be cooperation between NECTEC, universities, and private-sector units, with the joint use of various resources such as personnel, research tools, and offices. Financial and personnel management will be handled in accord with the Science and Technology Development Act to facilitate research and development. This center will be under the control of the NECTEC administrative committee.

Because some of the money will come from private companies, during the first five years of the project, some of the work carried on at the center will be research and development for the private sector. As for the rest of the work, the center will carry on activities for universities and state units.

4.3.2. Budget:

Source of budget funds:

1.1. Research and development support funds of NECTEC.

1.2. Research and development support funds from the private sector.

1.3. Donations.

1.4. Support funds from other sources.

4.3.3. Personnel:

For plant personnel, the regulations of the S.W.T.C. [expansion unknown] will be used, which will provide an opportunity to use personnel from NECTEC and approximately 15 other laboratories as appropriate. Also, people can be assigned temporarily from universities and other state units. Besides this, people can be hired to work at this center, and they will be paid salaries competitive to those in the private sector.

4.3.4. Place of operations:

To carry on operations, the center will use part of the first and second floors of the NECTEC building at the Rangsit Science Park, on which construction will get underway at the end of 1995. Or it will be located near a university or private-sector unit involved in the project. This is because it will be necessary to make joint use of personnel and equipment.

4.3.5. Center administration:

The head of the center will be responsible for supervising the various projects to ensure that things are carried on in accord with the center's objectives and for evaluating the results of the projects and submitting the results to NECTEC.

The head of the center and the heads of the various projects will, together, serve as a committee to stipulate research guidelines and ensure cooperation between the various projects in carrying on research.

The various projects will each have a project head and a team of researchers. These projects can be ended whenever the project comes to an end or charges are made in accord with the technology, or they can be permanent projects.

4.4. Types of research:

The research will focus on the important steps in fabricating integrated circuits. As for the remaining steps, the equipment in private-sector production chains will be used in order to greatly reduce the need to use funds and personnel.

4.5. Objectives of TMEC during the first five years (1996-2000):

4.5.1. Laboratory research and development:

A clean laboratory suitable for fabricating CMOS type very large integrated circuits smaller than 0.5 microns.

4.5.2. Research and development concerning the fabrication of very large integrated circuits:

Fabrication processes suited to the fabrication of CMOS type very large integrated circuits smaller than 0.5 microns.

4.5.3. Research and development concerning the design of very large integrated circuits:

Preparing designs suited to the fabrication of CMOS type very large integrated circuits smaller than 0.5 microns.

4.6. Expected benefits:

The goal of NECTEC, which is a state unit, is to build up domestic technology in order to transfer this technology to the private sector so that the private sector can use this in production to generate real economic value and to develop the country's technology. Having a very large integrated circuit production industry will result in technology having economic value.

The goal of the universities is to produce people who have expertise in fabricating very large integrated circuits so that these people can go to work in the private sector. Thus, what the universities hope is that they will be able to produce people to satisfy the demands of the private sector.

Thailand will be able to reduce the amount of money it spends on procuring technology. We will be more secure with respect to microelectronics technology. Also, this will help spawn associated industries.

4.7. Estimated budget and time period:

This will be carried on over a five-year period (1996-2000) at an estimated cost of 600 million baht.

4.8. Project research and development plans:

There will be research pilot projects in order to show the feasibility of the projects. The various projects will be expanded as appropriate in accord with the research policy.

4.8.1. The research project to develop and build a clean laboratory:

The objective is to build a clean laboratory, which is essential in fabricating very large integrated circuits. The benefit will be a clean laboratory suited to the fabrication of CMOS type very large integrated circuits smaller than 0.5 microns. The budget is estimated at approximately 300 million baht.

4.8.2. The project to study and develop the fabrication process:

The objective is to develop certain production processes suited to the fabrication of CMOS type very large integrated circuits smaller than 0.5 microns.

The benefits will be a lithography process suited to the fabrication of CMOS type very large integrated circuits smaller than 0.5 microns, a CVD (chemical vapor deposition) process suited to the fabrication of CMOS type very large integrated circuits smaller than 0.5 microns, and an ion implantation process suited to the fabrication of CMOS type very large integrated circuits smaller than 0.5 microns.

The budget is estimated at approximately 300 million baht.

The Project to Build a National Microelectronics Technology Research and Development Center (cooperation between NECTEC, universities, and private-sector units)

Objectives:

To have the National Electronics and Computer Technology Center (NECTEC), in cooperation with universities and private-sector units, establish a national microelectronics technology research and development center. Part of the money for this will come from the Thai Government, with the rest coming from the private sector.

To conduct studies and develop prototypes of very large integrated circuits using CMOS high technology, that is, circuit lines smaller than 0.5 microns.

To produce personnel who are experts in the field of microelectronics. This includes both the design and fabrication of very large integrated circuits.

To have this serve as a center for studying and gathering the various models of very large integrated circuits designed by universities and private units for production later on.

To have this serve as a microelectronics center for universities and private units.

Estimated budget and time period:

This is a five-year project (1996-2000) that will cost approximately 600 million baht.

Location:

The center may be located at NECTEC at the Rangsit Science Park, or it may be located near a university or private-sector unit participating in the project. That would make things more convenient, because it will be necessary to make joint use of personnel, equipment, and space.

Form of operations:

Joint use will be made of the existing resources, such as personnel, research tools, and offices. Management of the money and personnel will be based on the Science and Technology Development Act to facilitate research and development. This center will be under the control of the NECTEC administrative committee.

Form of research:

The emphasis will be on studying the important production steps. As for the remaining production steps, the equipment in the private-sector production chains will be used in order to reduce the need to use large amounts of money and large numbers of people.

The integrated circuit technology that will be used in conducting studies will be modern, high technology in order to satisfy the demands of the domestic microelectronics industry. This will enable Thailand to compete with other countries in Asia.

Vietnam

Do Muoi Attends Press Exhibition in Hanoi

BK2401150895 Hanoi VNA in English 1221 GMT 24 Jan 95

[FBIS Transcribed Text] Hanoi VNA Jan. 24—Party General Secretary Do Muoi yesterday visited the 1995 spring press exhibition held at the Municipal Theatre here from Jan. 20-23.

Welcomed by many journalists including Mr. Phan Quang, general secretary of the Vietnam Journalists' Association (VJA), Mr. Muoi made a tour of the exhibition, talking with pressmen from various newspapers, magazines and exchanged views with them on Vietnam's journalism development over the past years and in the coming years. He praised their efforts and wished them more achievements in the process of renovation.

At the closing ceremony yesterday, awards were presented to 81 newspapers which have good coverage, 29 interesting parallel sentences and 18 exhibiting departments.

Do Muoi Appeals to Youth To Continue Task

BK2401160795 Hanoi Voice of Vietnam in English 1000 GMT 24 Jan 95

[FBIS Transcribed Text] Vietnam party General Secretary Do Muoi has appealed to Vietnamese youth to undertake historical task and continue the glorious historical paces of the previous generations. He was addressing a conference in Hanoi on promoting young party members. The conference was aimed at restructuring the party and strengthening youth activities as a central task for human development strategy in Vietnam.

Delegation Attends Labor Ministers Conference

BK2401151995 Hanoi VNA in English 1435 GMT 24 Jan 95

[FBIS Transcribed Text] Hanoi VNA Jan. 24—A Vietnamese delegation led by Mr. Nguyen Luong Trao, vice minister of labour, invalids and social affairs, attended a conference of labour ministers of non-aligned and developing countries held in New Delhi from Jan. 19-23.

Addressing the conference, Mr. Trao spoke about Vietnam's achievements and experience in hunger eradication and poverty alleviation and in closely combining the utilization of labour force with development of manpower and the state role with the community one in job creation programmes.

During the conference, the Vietnamese delegation had a working session with Indian Minister of Labour P.A. Sangma on labour cooperation programme between the two countries.

Foreign Investors Show Interest in Central Region

BK2401155395 Hanoi VNA in English 1444 GMT 24 Jan 95

[FBIS Transcribed Text] Hanoi VNA Jan. 24—Central Vietnam—rich in untapped human and material resources—is the source of much interest from international investors and businessmen. Investments and projects in the central provinces are numerically small, especially when compared with the north and the south, though there has recently been encouraging indications of increasing investment and economic development in this area.

The first project in central Vietnam was a granite production project in Quang Nam-Da Nang, a joint venture with France, licensed in 1989 and totalling USD [U.S. dollars] 2 million. The number of foreign projects has now increased, with total investments up 11 times since 1991.

The December 1994 statistics of the Vietnam Chamber of Commerce and Industry (VCCI), Da Nang Branch, have revealed a considerable increase of projects and investments in central Vietnam since the promulgation of the Foreign Investment Law in 1989. 72 projects, totaling 390 million USD, including 43 industrial projects, 18 hotel and service projects, 8 marine product processing projects, and 3 agro-forestry projects. [sentence as received] Regrettably, transport and infrastructure projects are still lacking. Most projects have either been medium or small investments. Of the licensed projects, 15 have not yet been operative.

Investment projects are usually concentrated in areas with better infrastructure and business environment, such as Quang Nam-Da Nang, Khanh Hoa, Thua Thien-Hue. Quang Nam-Da Nang has 30 licensed projects, totalling nearly 230 millions USD, making up 59 of investment in central Vietnam. Quang Nam-Da Nang is likely to become an industrial, commercial, tourist and service centre, perhaps one of Vietnam's three major centres. Plans have been designed for such projects as the new Lien Chieu-Ky Ha Port, with a handling capacity of 20 million tons per year, and an industrial centre consisting of petro-chemical works, an oil-refinery, a steel-mill and a glass factory. The Coast Highway, 150 km long, joining these industrial centres, and the Trans-Asian Highway across Da Nang, the western plateau, Laos and north east Thailand are also to be constructed. Quang Nam-Da Nang is inviting foreign investments in transport and infrastructure projects such as airports, port and EPZs [export processing zones].

Second to Quang Nam-Da Nang is Khanh Hoa, with 18 licensed projects, totaling 60 million USD, or 15 of local investment [as received], principally in tourist services and sea mineral resource exploration. Thua Thien-Hue has 7 projects, totaling over 50 million USD, in areas such as tourism and cement production. Other provinces have between one and five small-sized projects in small mineral resource exploration, agro-forestry or sea products exploitation. Kon Tum Province in contract, has no projects so far. [sentence as received]

Between 1995 and 2000, central Vietnam is scheduled to have 208 foreign investments—including 96 industrial projects, 56 agro- forestry projects, 18 sea products projects, 36 service and infrastructure projects.

State Inspection Work for 1994 Reviewed

BK2401151095 Hanoi VNA in English 1230 GMT 24 Jan 95

[FBIS Transcribed Text] Hanoi VNA Jan. 24—The National Inspection Branch in 1994, made remarkable contribution to the economy practice, the fight against wastefulness, corruption and smuggling, to the restoration of managerial work in all branches and at all levels, and to the admendment and supplement of policies, thus raising the managerial capacity of the state apparatus.

This was the conclusion made by a conference recently held in Hanoi to review the inspection work in the country last year. The conference, attended by inspectors from all parts of the country, was addressed by Prime Minister Vo Van Kiet.

The conference highlighted the inspectors' efforts to accomplish a big quantity of work covering various sectors, including finance, budget, credit, capital construction, tourist service and prosecution.

Last year, inspectors throughout the country discovered many cases of violations of regulations on socio-economic management which altogether had caused the losses of nearly VND 1.8 trillion, USD 2.9 million, DEM [not further identified] 224,700, over 2,000 taels of gold, 25,000 tons of paddy rice, 1,800 hectares of cultivable land and 160,000 cubic metres of wood. As a result, by Nov. 30, 1994, the government had retrieved VND 624 billion, USD 1.26 million,1 ,920 taels of gold, 220 tons of food, 160 hectares of land and 4,500 cubic metres of wood. They had proposed responsible agencies to apply administrative punishment on 6,670 officials for their violations of laws, and prepared and finalised dossiers to bring 376 cases relating to 881 people to trials.

Furthermore, they made more than 4,200 suggestions with a view to bettering the managerial work, of which 3,000 were realized.

Speaking at the conference Vice Prime Minister Khai praised these achievements as substantial contributions to the maintenance and strengthening of social order and state management. He stressed that as the society is vigorously developed, the branch of inspection has to assume an ever bigger quantity of work which requires its ever bigger efforts. He requested the inspectors to actively contribute to the improvement of the managerial mechanism and the renovation of administrative apparatus. At the same time, it has to pay attention to the training a contingent of inspectors who must be qualified both professionally and morally, he added.

* Building Grassroots Against 'Peaceful Evolution'

952E0042A Hanoi TAP CHI QUOC PHONG TOAN DAN in Vietnamese Nov 94 pp 52-55

[Article by Col. Nguyen Dinh Xanh, commanding officer of the Yen Bai Provincial Military Command: "Building Primary Political Organizations in Localities Against 'Peaceful Evolution' in a Mountain Province Inhabited by Ethnic Minorities"]

[FBIS Translated Text] Building comprehensively strong political primary organizations in localities is an important task in the struggle against "peaceful evolution" in Yen Bai Province.

This assertion is based on the fact that in carrying out "peaceful evolution" the enemy has resorted to many sophisticated, crafty tricks to divide and attract the masses in an attempt to neutralize the leadership role of party organizations and the managerial role of the grassroots administrative machinery in localities. The enemy has focused his effort on those localities faced with difficulties and limitations in many respects, in particular the mountain, ethnic-minority areas such as Yen Bai Province.

Of the 175 villages and subwards and 1,480 hamlets currently belonging to the seven districts and one city of Yen Bai, up to 70 villages and 510 hamlets (accounting for 67.4% of the area and 26% of the population) are located in the highlands. The local population comprises more than 30 different nationalities such as ethnic Vietnamese, Tay, Dao, Hmong, Thai..., most of them living scattered over several remote, inaccessible areas.

In recent years, under the effect of the party's renovation policy, relatively palpable and comprehensive progress has been reported in the situation of the localities and grassroots. However, because of their difficult, inaccessible geographical characteristics, and also owing to the effects of historical and social factors, there still exist in many localities numerous difficulties, impediments, limitations, and weaknesses.

Most of these difficulties and limitations originated from the low cultural standard of the people; the prevalent old, backward customs and habits; the predominantly autarkic economy; and the communications, school, and medical aid station systems... that are far inferior to those in the localities enjoying more advantageous conditions. More than 18% of the school-age children are illiterate; in many highland villages, up to 80% of the population are illiterate. In villages such as Ban Mu (Tram Tau District), 96% of the people are illiterate. In general, 90% of the population do not know Vietnamese. In one village, four of the 11 local party members are illiterate. Meanwhile, vehicular roads are still nonexistent in 31 highland villages....

Taking advantage of and further deepening these difficulties and limitations, in carrying out "peaceful evolution" at the grassroots the enemy has intensified his propaganda activities to arouse the people, to drive a wedge between the party and local administration and the masses and to sow disunity between nationalities in an attempt to remove a section of the ethnic minority people from the party leadership and the management of the local administration. The enemy has also capitalized on the policies of open door, cooperation, and freedom of faith of our party and state to worm his way into various localities, to carry out propaganda activities, and to organize forces for the purposes of fomenting trouble, causing political instability, and eventually sabotaging the grassroots administration. Worthy of note is that some of the overseas Vietnamese of the Hmong ethnic group currently residing in the United States and France who came back recently to visit their relatives in Mu Cang Chai District were former bandits. These bandits are now returning, using money and goods to entice, attract, and incite people against the party and administration. In particular, the enemy has capitalized on the opium poppy eradication policy of our state to cause and deepen contradictions between the people and the administration. In reality, the party and administration in some localities have merely enforced the general policy without paying attention to satisfying the people's urgent needs. This is a weakness on the part of some grassroots units that the enemy is actively exploiting to distort facts and to deceive and attract the masses in order to oppose and sabotage us.

In view of this situation, the Military Command of Yen Bai Province dispatched cadre teams on fact-finding missions to the grassroots and concentrated on studying the situation of primary organizations, particularly in the highland, remote, and Catholic districts. These activities were aimed at providing the basis for formulating accurate staff plans in support of party committee echelons and the administration, thereby enabling them to coordinate their efforts in motivating the masses to build strong political primary organizations in their localities—organizations that are capable of opposing all "peaceful evolution" schemes and acts of hostile forces. Through our surveys, we could clearly see these outstanding facts: The people had not firmly grasped many positions and policies of the party and state and still had misgivings about the social policy, the land policy, the settled-farming and settled-life policy, and in particular the policy of eradicating the opium poppy, which has directly affected the people's livelihood\.... Besides, the role of party organizations and the effectiveness of the grassroots administrative machinery, the mass organizations—such as the youth union, the women's union, the peasants association—and the militia and self-defense forces were still hampered by many limitations and did not measure up to the requirements of reality. Proceeding from this real state of affairs, the military organ of Yen Bai Province drew up and submitted a general report to the Standing Committee of the Provincial Party Committee, the Standing Committee of the Provincial People's Committee, and the Standing Committee of the Provincial Fatherland Front Committee. It also suggested practical solutions to the problems facing the grassroots.

First of all, the Party Committee of Yen Bai Province *concentrated on consolidating and perfecting the primary party organizations and improving their leadership and the management capability of the grassroots administration.*

Yen Bai Province boasts 488 primary party organizations, eight district and city administrative organizations, and 175 village and subward administrative organizations. Because of a social structure marked by a great diversity of nationalities and an uneven distribution of population among different areas, the percentage and composition of party members and cadres of various localities still differ from each other in both quantity and quality. In the past, up to 40 villages and hamlets of Yen Bai had no party member. The majority of party members and cadres in the highland villages and hamlets were not inculcated with the goals ideals, and sense of responsibility required of a party member. Worse still, a few of them were illiterate. For this reason, the results and quality of their leadership and management as well as the results of their ideological work in the struggle against "peaceful evolution" were severely limited. To overcome this state of affairs, the provincial party committee and local party committee echelons have attached special importance to consolidating and perfecting the party and administrative organizations, in particular in the remote, inaccessible mountain districts.

Through their social activities, over the past two years the party organizations at all levels in Yen Bai Province have trained and admitted 2,000 new party members (43.2% of them ethnic minority people). They have appointed 2,347 party members to the grassroots leadership, with new party committee members accounting for nearly 36% of this total. The districts have replaced 107 party chapter secretaries (23.6% of the total) and 43 village people's committee chairmen. At the same time, they have appointed 446 party members and 217 party chapter secretaries to serve concurrently as village and hamlet chiefs and leaders of city residents cells. The provincial party committee have mobilized and used a number of ethnic minority cadres to carry our mass motivation and ethnic minority-related work and to directly participate in propaganda work, to explain things to the people, and to enable the people to clearly see the deceitful allegations currently spread at the grassroots by the enemy with bad intention. Although old and delicate in health, these ethnic minority cadres are experienced, thoroughly conversant with the ethnic minorities' customs, habits, and psychology, and enjoy prestige among the masses. The absence of party members in a number of villages and hamlets has been overcome step by step.

The annual evaluation of the quality of party members and cadres has always been closely linked with the area of responsibility, with the work, and with the position and function of each person. The ability to persuade and motivate the masses and to help them correctly understand the viewpoint and policies of the party and state has been used as a criterion for evaluating performance. This has contributed to encouraging party members and cadres to maintain closer contact with the masses in order to find out and promptly respond to their legitimate aspirations, to answer their questions, and to resolve contradictions cropping up among the people. These activities have helped strengthen the masses' confidence in party members and cadres and motivate the masses to participate in building the party and administrative organizations.

The military command of Yen Bai Province also proposed that the provincial party committee and people's committee open theoretical and national defense classes for all village, subward, and township party committee secretaries and people's committee chairmen. Through these classes, the contingent of key cadres of various localities were inculcated with a better understanding of the party's renovation viewpoints and policy. Through these classes, we laid bare the hostile forces' "peaceful evolution" schemes and tricks currently taking place in various localities, and we explained the measures to be used in the struggle against these schemes and tricks. At the same time, we equipped these cadres with a knowledge of subjects such as the viewpoints of the party and state on the nationality and religion policies, the Land Law, the Tax Law, and so forth—subjects that have become a requirement in daily life.

Along with perfecting the primary party organizations and the village and subward administrations, the party and people's committees of Yen Bai Province attached special importance to strengthening the hamlets and building a contingent of hamlet chiefs to directly lead the grassroots. The provincial party committee directed two remote districts—Tram Tau and Mu Cang Chai—to experiment with holding conferences of village elders, hamlet chiefs, and clan leaders. From these conferences, the provincial party committee gained good experience for holding an all-province conference of hamlet chiefs and clan leaders. After attending the all-province conference, the hamlet chiefs and clan leaders, bringing into play their prestige, their sentiments and their sense of responsibility toward their children, their relatives, and their villages and hamlets, actively participated in resolving urgent problems of their localities such as settlement of the nomads, eradication of the opium poppy, and suppression of drug addition. In many localities, the hamlet chiefs, clan leaders... effectively used explanations and persuasion to prevent the masses from falling victim to the enticing propaganda and tricks of bad elements.

The mass organizations such as the youth union, the women's union, the peasants association, the war veterans association, and in particular the militia and self-defense forces were strengthened organizationally, successfully underwent training, and operated as the activists in opposing the enemy's schemes and tricks.

Education in the all-people national defense at the grassroots was strictly guided by all echelons, which focused their attention on two key themes: the schemes and tricks used by the enemy to carry out "peaceful evolution," and opposing "peaceful evolution" is a task of all the people. Various districts and cities guided and organized implementation of this task with fairly good initial results. In the 1993-1994 school year, all of the 17 general and vocational middle schools in Yen Bai Province incorporated national defense education into their curriculums. From 1991 to 1993, the province gave formal education in national defense to more than 60,000 people.

Reality shows that the building of primary political organizations in localities cannot be separated from the *development of the people's economic, cultural, and social life*. This development is not only our main goal but also the basis for fostering the masses' confidence in the party and the administration. To a mountain province where the economic, cultural, and social standards are still low, this task is all the more pressing.

Over the past few years, Yen Bai Province has concentrated on persistently motivating and persuading the people to voluntarily eradicating the opium poppy. However, to resolve this problem, the province has spent billions of dong providing financial support for the people and buying substitute animals and crops. More than 1,400 hectares of opium poppy have been destroyed; as a substitute, the people have planted 35,000 hectares of forest and hundreds of thousands of fruit trees and have carried out intensive rice cultivation on nearly 5,000 hectares of terraces. The province has attached special importance to investing in economic development programs for various highland districts such as Tram Tau and Mu Cang Chai. It has also invested 13 billion dong in various programs aimed at promoting settled life and settled farming, developing afforestation, improving environmental protection, building vehicular roads to 16 highland villages, and upgrading existing intervillage roads in Tram Tau and Mu Cang Chai districts. At present, six of the eight districts and cities of Yen Bai are receiving electricity from the national power grid, and 3,500 peasant households are equipped with electric lights using the power generated by small-scale hydroelectric stations. The province has invested in programs aimed at upgrading 17 water conservancy projects, 19 self-regulating irrigation projects, 92 reservoirs, and 305 wells to provide the people with drinking water.

Along with these activities, Yen Bai has paid attention to promoting cultural, educational, and health care development in conjunction with building the new countryside and raising the people's cultural standard and national defense consciousness. To date, the province has introduced radio and television broadcasting services to all of its eight districts and cities and has reorganized and consolidated the health care and school systems. Among the local schools are five boarding schools reserved for ethnic minority students and the Ap Bac Military School which specializes in training the children of ethnic minority people.

Owing to these methods of resolving problems, the political situation in various localities in Yen Bai has changed in a positive manner. The leadership and militancy of the primary party organizations have improved. The grassroots administrative machinery and mass organizations have gradually strengthened. The number of weak villages and subwards has steadily decreased annually: from 12% in 1991 down to 7% in 1992; the province is now concentrating on improving the remaining weak villages and subwards. All this has enabled Yen Bai to firmly maintain political stability, to promote socioeconomic development, to strengthen national defense and security potential, and to take the initiative in dealing with any eventuality, despite the fact that the province has been faced with numerous difficulties and that the reactionary, hostile forces have feverishly carried out their "peaceful evolution" scheme.

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